

Integration

for excellence



2017 Sustainable
Development Report



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*Message to our
stakeholders*

Message to our stakeholders

102-10, 102-14, 102-15

Dear readers:

We are pleased to present our tenth Annual Sustainable Development Report, in which we review the progress and achievements of the year 2017. These reflect our Vitro Sustainability Model, which is composed of three axes: Comprehensive Competitiveness, Human Attitude, and Environment, all within a framework of Responsible Corporate Management.

To ensure sustained growth, one of our biggest challenges this past year was the consolidation of our businesses. The acquisition of the flat glass division of PPG Industries and the original equipment segment of Pittsburgh Glass Works (PGW) gave us an opportunity to capitalize on learning and experiences, integrate processes and fortify plans that will preserve Vitro's place as the largest glass manufacturer in North America, and to lead by being a key partner to our clients in the area of sustainability.

Among Vitro's goals for 2018 are to continue working to build the social license we receive from our stakeholders and the communities where we operate. In reading through our Sustainable Development reports, you can learn about all the actions we have taken as a company, incorporating sustainability as an integral part of our business strategy.

With a history going back more than 100 years, the company today has more than 14,000 employees across the Americas, Europe and Asia. Our people undertake actions, initiatives and programs intended to create the economic, social and environmental conditions necessary to maintain the company's growth and development.

In 2017, within the Human Attitude axis, we worked both for our employees and for the neighboring communities where we operate. Some of our most outstanding achievements were an average of 38.6 hours of training per employee, an 11.3 percent reduction in the accident rate, and more than 50,000 community beneficiaries from the social development activities in which the Company invests.

Committed to the Environment, we were able to reduce the environmental footprint of our operations:

Adrián Sada González



in 2017 we lowered particle emissions by 67 percent, to well below the permissible limit in Mexico, and recycled more than 97,000 metric tons of glass from more than 100 external sources.

In our operations in the United States, we are a member of the Strategic Energy Consortium (SEM) sponsored by the Energy Trust of Oregon, and our architectural glass products are the first in North America to have filed Environmental Product Declaration (EPD), among other key results in our operations that we will be commenting on in this report.

The *Naturalmente Vitro* program celebrated 10 years of work, planting more than 77,000 native trees adopted since 2007 by more than 3,500 Vitro beneficiaries. This effort was carried out in conjunction with the *Organización de la Vida Silvestre* (OVIS) as part of its NOW program. We also invested in ecosystem conservation over more than 83,000 hectares, in favor of 1,302 endangered species.

In the interests of Comprehensive Competitiveness, our container plant brought in a new Full Servo machine that offers more flexibility and a wider variety of product. At our Wichita Falls plant, we laid the first stone for construction of Jumbo Magnetron Sputtering Vapor Deposition (MSVD) coater for tempered glass, the first of its kind in the Americas. Thanks to a new high-technology line, we increased capacity by 1.2 million additional windshields a year at our García plant, and we opened a new spare parts market for the automotive industry.

These are some of the improvements that enable us to keep advancing in innovation and technology and to remain leaders in glass manufacturing in the markets where we operate. We will work to continuously improve the products and services we offer.

We are strategic leaders in national and international initiatives like Cradle to Cradle and the Carbon Disclosure Project (CDP), the Mexican GHG Program, the United States Green Building Council (USGBC) for LEED certification, and others. We participate in various chambers and industry associations and have earned recognition for our sustainable practices from various organizations and clients.

We are well aware that Sustainability is managed through policies, commitment, goals and targets with a long-term vision, and its success is measured through systems, stakeholder opinions, program audits and indicators tracking.

The accumulated achievements and results are presented in keeping with the Global Reporting Initiative standards methodology. We invite you to learn more about our initiatives and actions in 2017, which are the product of the efforts and dedication of all of us who work at Vitro.

Adrián Sada González

Chairman of the Board of Directors

Adrián Sada Cueva

Executive CEO

Adrián Sada Cueva



In 2017, within the Human Attitude axis, we worked both for our employees and for the neighboring communities where we operate.



The "Naturally Vitro" program celebrated 10 years of work, planting more than 77,000 native trees.



Our Company



Our Business Units

GRI: 102-1, 102-3, 102-5, 102-11

More than 100 years of experience in this industry stand behind the quality of our products and services. At Vitro, S.A.B. de C.V. (BMV VITROA), we are leaders in glass manufacture in the Americas, since our founding in 1909 in Monterrey, Mexico, where our headquarters are located today.

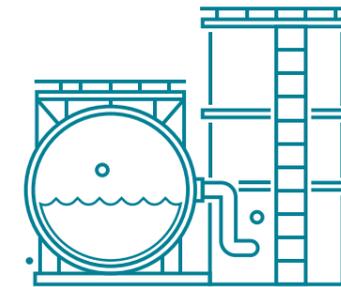
We have more than 20 subsidiaries in the Americas and Europe, thanks to recent acquisitions. We completed the expansion of our flat glass business for the Automotive industry in March 2017 with the acquisition of the original equipment segment of Pittsburgh Glass Works.

At Vitro, we offer high-value-added products for the automotive and architectural markets, as well as for cosmetics and pharmaceuticals, and we supply chemical products, raw materials and mold manufacturing, machinery and equipment. We have a permanent focus on innovation and technology to meet our client's needs with the excellence they demand.

At Vitro, we are meticulous about using the most advanced technology to develop high value-added products, in our constant pursuit of process and product modernization, while ensuring that the raw materials we use in making our products have as little impact on the environment as possible.

Our focus on operational risk management is applied through analytical processes by which we comply with the highest standards in our markets, so that we can guarantee that our processes, products and services do not harm public health or the environment.

At Vitro, S.A.B. de C.V. (BMV VITROA), we are leaders in glass manufacture in the Americas, since our founding in 1909 in Monterrey, Mexico.



We have more than 20 subsidiaries in the Americas and Europe.



Building resilient infrastructure, promoting inclusive, sustainable industrialization, and encouraging innovation

Our Main Companies

GRI: 102-4, 102-6, 102-7

VITRO, S.A.B. DE C.V.



Glass containers

- Vitro Packaging, LLC ⁽²⁾
- Servicios Integrales de Acabados



Machinery and Molds

- Machinery Manufacturing



Flat Glass

- Vitro Vidrio y Cristal



Architectural Sector

- Vitro Flat Glass, LLC ⁽²⁾
- Vitro Flat Glass, Inc. ⁽³⁾
- Viméxico
- Vidrio y Cristal del Noroeste
- Vidrio Plano de Mexicali
- Vidrio Plano de México
- Vidrio Plano de México LAN
- Vitro Flotado Cubiertas
- Productos de Valor Agregado en Cristal



Automotive Sector

- Vitro Automotive Glass, LLC ⁽²⁾ antes Vitro Flat Glass Holdings
- PGW Holdings, LLC ⁽²⁾
- Pittsburgh Glass Works, LLC ⁽²⁾
- Pittsburgh Glass Works GmbH ⁽³⁾
- PGW Technik GmbH ⁽³⁾
- Pittsburgh Glass Works Hong Kong Limited ⁽⁴⁾
- Pittsburgh Glass Works, Sp.z o.o. ⁽⁵⁾
- Pittsburgh Glass Works, S.à.r.l ⁽⁶⁾
- Shandong PGW Jinjing Automotive Glass Co. ⁽⁷⁾
- Vitro Automotriz
- Vitrocar
- Cristales Automotrices
- VVP Autoglass
- Vitro Colombia ⁽¹⁾
- Vitro Do Brasil Industria E Comercio
- Cristal Laminado o Templado



Chemicals and Raw Materials

- Distribuidora Álcali
- Industria del Álcali
- Comercializadora Álcali
- Vitro Chemicals ⁽²⁾

⁽¹⁾ Company with operations in Colombia
⁽²⁾ Company with operations in the U.S.
⁽³⁾ Company with operations in Canada
⁽³⁾ Company with operations in Germany
⁽⁴⁾ Company with operations in Hong Kong
⁽⁵⁾ Company with operations in Poland
⁽⁶⁾ Company with operations in Luxembourg
⁽⁷⁾ Company with operations in China

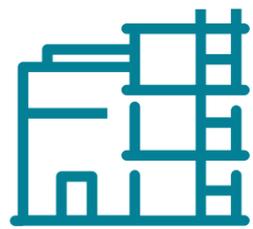
• Main destinations of our products

- | | | | |
|----------------------|--------------------|---------------------|----------------|
| Mexico | Dominican Republic | Costa Rica | South Africa |
| Brazil | Morocco | Spain | Belize |
| Guatemala | Venezuela | El Salvador | Chile |
| Germany | Bolivia | Greece | Panama |
| United Arab Emirates | Saudi Arabia | Trinidad and Tobago | Dutch Antilles |
| United States | Uruguay | South Korea | Bulgaria |
| Peru | Puerto Rico | France | Egypt |
| Belgium | Turkey | Rumania | Cuba |
| Switzerland | Vietnam | Barbados | Qatar |
| Hungary | Portugal | Israel | Philippines |
| Colombia | Thailand | Lebanon | |
| Canada | | | |
| Argentina | | | |
| Australia | | | |
| Poland | | | |
| United Kingdom | | | |
| Nicaragua | | | |
| Netherlands | | | |
| China | | | |
| Malaysia | | | |
| Singapore | | | |
| Jamaica | | | |
| India | | | |
| Ecuador | | | |
| Italy | | | |
| Japan | | | |



Our Facilities

- | | | |
|---------------|-----------|------------|
| Mexico | Peru | Guatemala |
| Canada | Germany | Luxembourg |
| Costa Rica | Brazil | Poland |
| United States | Venezuela | Ecuador |
| Colombia | China | |



23

plants
operating



Operations in

14 countries



Our products go to

+ 50 countries



7,412

million Mexican pesos in
EBITDA (USD393 million)



14,817

direct jobs



Architectural glass

No. 1 maker of architectural glass in North America

7 operating plants

1 Research Center

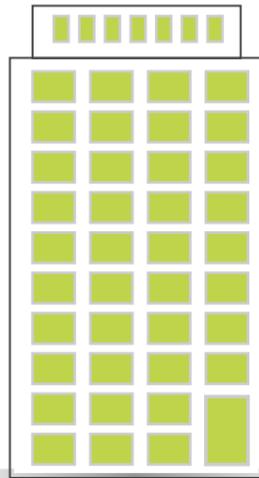
+3,500 employees

+600 brands

+1,200 patents

Vitro's Architectural Glass division offers a wide array of products for construction, from retail *use to industrial or residential applications.*

The products have countless characteristics *ranging from low-emissivity and solar control glass* to safety glass and decorative treatments.



Among the structures built in 2017 with Vitro products

Eden Hall Campus
Chatham University in Pennsylvania.

Ent Center for the Arts
University of Colorado.

Goddard Space Flight Center
NASA Maryland.

New library of the Tecnológico de Monterrey
Monterrey Campus.



Automotive Glass

No. 1 manufacturer of automotive glass in North America

13 operating plants

+6,500 employees

+100 brands

+150 patents

One of the most important aspects for this division is the design of windows for future vehicles.



The Automotive Glass division produces and sells glass for original equipment and the spare parts market, such as windshields, side windows, rear windows, and other elements. These products may go through tempering and laminating processes or hydrophobic treatment to repel water.

Vitro engineers and designers interact at *technical centers* with some of the top clients in this industry.



Containers

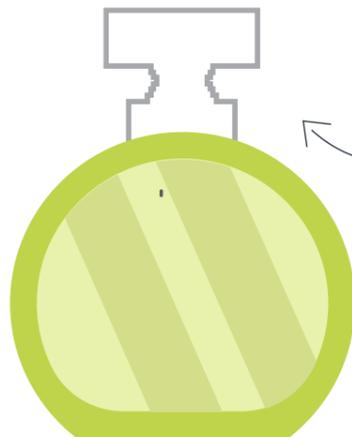
No. 1 manufacturer of cosmetics, fragrances and toiletries containers in Latin America

1 operating plant

+2,900 employees

+30 patents

+20 products



The Container division focuses on the cosmetics, fragrance and pharmaceutical industry. Vitro containers are market leaders because of their exclusive designs and variety of forms and finishes they offer.

The unit focuses on developing highly competitive, value-added products that meet the specific needs of each client.



Industria del Alkali

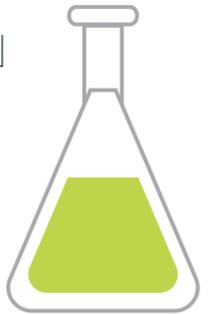
No. 1 producer of sodium carbonate in Mexico

1 operating plant

+800 employees

+15 brands

1 patent



Industria del Alkali supplies chemical products like sodium carbonate, which is one of the main raw materials used in the Flat Glass and Container areas and in other industries for cleaning products, pigments, metal foundry and food processing.

It has highly efficient processes that enable it *to use by products from throughout the process as inputs*, meaning less waste, *as part of its constant pursuit of more sustainable processes.*

It also offers products like sodium bicarbonate, calcium chloride and sodium chloride.



FAMA

No. 1 producer of sodium carbonate in México

1 operating plant

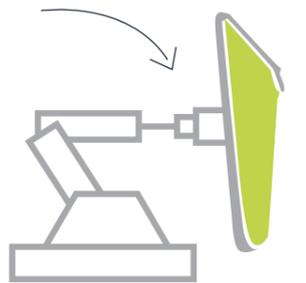
+600 employees

5 brands

+40 patents

Fabricación de máquinas S.A. (FAMA) was created as Vitro's technological arm, to make molds, machinery and equipment, and to provide engineering, special services and automation.

Initially FAMA had only Vitro as its client, but after the sale of the Food and Beverage Container Unit, FAMA began offering its portfolio of services and products to the industry at large.



OUR MISSION

GRI: 102-16

To provide the best glass products and services solutions to the industries in which we participate.

OUR VISION

To improve our leadership in the business segments we operate and to be recognized as a leading innovation company in the industry.

OUR VALUES

- **Innovation:** Enhance processes and operations with innovative ideas to consistently improve our results.
- **Teamwork:** Unite our talents to work as a single force.
- **Operating Excellence:** Always exceed what is expected of us.
- **Focus on the Client:** Our customers are the focus of our business.
- **Integrity:** Always act with honesty and in adherence to our principles.



Vitro's Sustainability Model is consistent with Vitro's strategies and values

OUR SUSTAINABILITY MODEL

Each one of the Company's actions-- whether operating, human, environmental, or economic-- is sustained by and aligned with Vitro's Sustainability Model, in which we bet on promoting sustainable development in the communities where we are present.

Vitro's Sustainability Model is consistent with Vitro's strategies and values. It consists of 3 axes and a management framework.





Our History



Throughout its history, our Company has proven its commitment to being a leading developer of glass manufacturing technology. It has earned this leadership through initiatives and investment in research and development.

Vidriera Monterrey begins operating with the first container plant in Monterrey, Mexico.

1909

1929



First foundry furnace opens in Nuevo León.

1927

First glass foundry furnace is authorized for Vidriera Monterrey.

The glass company begins exporting products to other countries in Latin America.

1935

In order to produce sodium carbonate instead of importing it, the company takes the first steps to creating Industria de Álcali.

The Andrés Sada Kindergarten No. 1 is created for children of plant workers.

1942

1943



Fabricación de Máquinas, S.A. (FAMA) was created to make, repair and acquire machinery and instruments.

1946



Clínica Vidriera is created for workers and their families.

The first Independent Section (IS) container machine is produced at FAMA

The first float glass line is commissioned at Vidro Plano de México, S.A

1968

Vitro Parque el Manzano opens its doors, to raise environmental awareness among employees, their families and the community.

1972



1974



BOLSA MEXICANA DE VALORES

Vitro is listed on the Mexican Stock Exchange

1980

Vitro S.A. is founded.



Vidrio Plano, S.A. de C.V. installs a float glass plant in García, Nuevo León.

1981



Vitro Packaging begins selling and distributing glass products in the United States.

1985

1991

The Museo del Vidrio (MUVi), or Glass Museum, opens to the public, inside the old Monterrey glass factory, with the mission of conserving, preserving and promoting the history of glass.

Industria de Álcali receives ISO14001 certification, proof of the company's commitment to the environment.

1998

Vitro Colombia is created to produce and distribute architectural and automotive glass.

1996



OVIS
ORGANIZACIÓN VIDA SILVESTRE, A.C.

Organización de la Vida Silvestre (OVIS) begins working on conservation programs and projects to protect and recover ecosystems and species in Mexico.

Vitro obtains the **Socially Responsible Company** distinction for the first time.



2007

2011



Vitro is accepted as a Sustainable Company in the Mexican Stock Exchange's IPC Sustentable Index.

2015



FAMA opens doors to its products and services on international markets.



Vitro acquires **PPG Flat Glass**

2016



Vitro acquires **Pittsburgh Glass Works**

2017



Key financial data

GRI: 102-45, 201-1

Vitro, S.A.B. de C.V. y Subsidiarias Financieras highlights (Figures in hundred million pesos, exceptions noted, figures reported in USD are in nominal dollars under IFRS).

For more information: 

⁽¹⁾ Dollar figures reported are in nominal dollars; obtained from dividing each month's nominal pesos by the exchange rate at the end of the same month.

⁽²⁾ Financial data is presented in nominal pesos.

⁽³⁾ Variation from 2016 to 2017.

⁽⁴⁾ Based on the weighted average of outstanding shares.

⁽⁵⁾ EBITDA = Earning before, interest, taxes plus depreciation and amortization, and provision for employee retirement obligations.

⁽⁶⁾ Represents the capital expenditures carried out during the year; thus, it differs from investments presented in the cash flow.

⁽⁷⁾ Debt net to cash and equivalents.

⁽⁸⁾ Pro forma figures.

Financial statements were prepared according to International Financial Reporting Standards (IFRS).

December 31 2017

| | USD ⁽¹⁾ | | | \$ PS ⁽²⁾ | | |
|---|--------------------|----------|--------------------------|----------------------|-----------|--------------------------|
| | 2017 | 2016 | VARIATION ⁽³⁾ | 2017 | 2016 | VARIATION ⁽³⁾ |
| INCOME STATEMENT | | | | | | |
| CONSOLIDATED NET SALES | \$ 2,075 | \$ 1,051 | 97.5 | \$ 38,948 | \$ 19,840 | 96.3 |
| DOMESTIC | 628 | 606 | 3.5 | 11,802 | 11,344 | 4.0 |
| EXPORT | 292 | 272 | 7.4 | 5,519 | 5,070 | 8.9 |
| FOREIGN SUBSIDIARIES | 1,156 | 173 | 569.9 | 21,627 | 3,426 | 531.3 |
| OPERATING INCOME BEFORE OTHER EXPENSES (EBIT) | 273 | 201 | 36.0 | 5,143 | 3,779 | 36.1 |
| NET INCOME | 194 | 189 | | 3,669 | 3,566 | |
| NET MAJORITY INCOME | 194 | 192 | | 3,668 | 3,618 | |
| NET INCOME OF MAJORITY INTEREST PER SHARE ⁽⁴⁾ | 0.40 | 0.40 | | 7.64 | 7.49 | |
| EBITDA ⁽⁵⁾ | 393 | 259 | 51.7 | 7,412 | 4,890 | 51.6 |
| BALANCE SHEET | | | | | | |
| TOTAL ASSETS | 2,675 | 2,204 | 21.4 | 52,605 | 45,431 | 15.8 |
| TOTAL LIABILITIES | 1,290 | 1,005 | 28.4 | 25,370 | 20,715 | 22.5 |
| STOCKHOLDERS' EQUITY | 1,385 | 1,199 | 15.5 | 27,235 | 24,716 | 10.2 |
| STOCKHOLDERS' EQUITY OF MAJORITY INTEREST | 1,384 | 1,198 | 15.5 | 27,216 | 24,698 | 10.2 |
| FINANCIAL INDICATORS | | | | | | |
| DEBT / EBITDA (TIMES) | 1.8 | 2.0 | | 1.8 | 2.2 | |
| NET DEBT ⁽⁷⁾ / EBITDA (TIMES) | 1.3 | 1.1 | | 1.4 | 1.2 | |
| INTEREST COVERAGE (TIMES) (EBITDA / TOTAL NET FINANCIAL EXPENSE) | 8.4 | 22.9 | | 8.4 | 21.6 | |
| DEBT ⁽⁸⁾ / EBITDA (TIMES) ⁽⁸⁾ | 1.7 | 1.6 | | 1.8 | 1.7 | |
| NET DEBT ⁽⁸⁾ / EBITDA (TIMES) ⁽⁸⁾ | 1.3 | 1.1 | | 1.3 | 1.2 | |
| INTEREST COVERAGE (TIMES) ⁽⁸⁾ (EBITDA / TOTAL NET FINANCIAL EXPENSE) | 10.1 | 11.7 | | 10.1 | 11.7 | |
| EBIT MARGIN (%) | 13.2 | 19.1 | | 13.2 | 19.0 | |
| EBITDA MARGIN (%) | 19.0 | 24.7 | | 19.0 | 24.6 | |
| EMPLOYEES | 14,817 | 11,407 | 29.9 | 14,817 | 11,407 | 29.9 |
| CAPITAL EXPENDITURE ⁽⁶⁾ | 159 | 127 | 25.5 | 3,072 | 2,154 | 42.6 |



About this report

About this report

GRI: 102-21, 102-40, 102-42, 102-46, 102-47, 102-48, 102-49, 102-50, 102-51, 102-52, 102-54, 103-1

Each year, we report on the company's priorities and the aspects that influence its success, in view of the expectations of our stakeholders. Our last Sustainable Development Report covered our results in 2016.

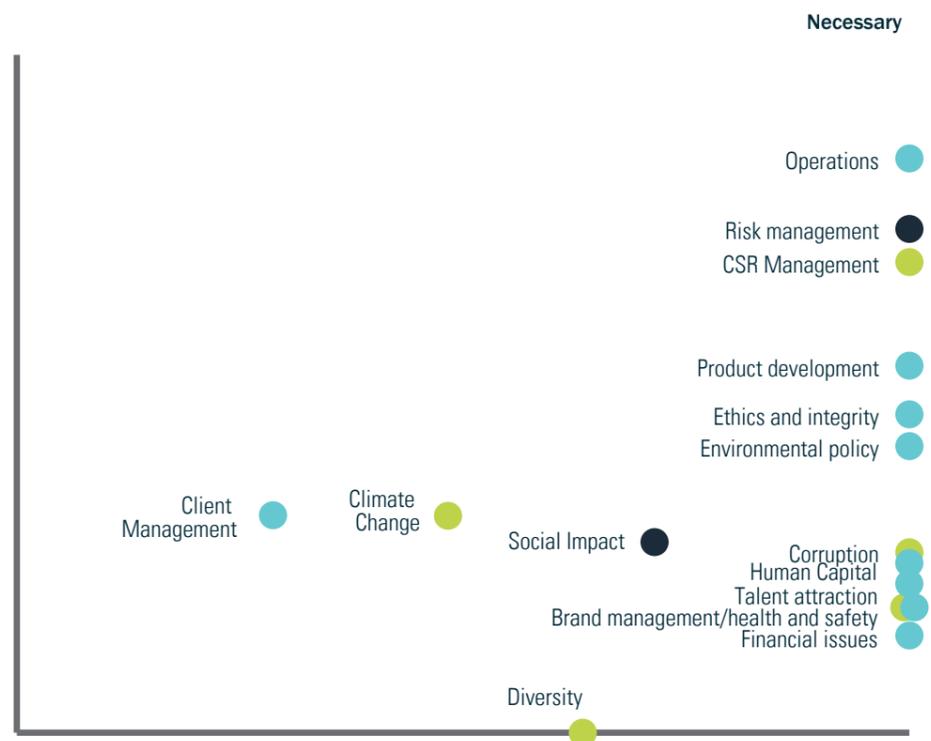
Since 2015, we have conducted a materiality study taking into account all internal processes and policies, interviews with key executives in the organization and dialogue with our stakeholders. In the past, we have focused on the results of this analysis in the economic, environmental and social dimensions, and we maintained this approach in 2017.

The materiality process was as follows:





Industry maturity + Industry specifiers + Social specifiers



- Necessary**
- Operations
 - Risk management
 - CSR Management
 - Product development
 - Ethics and integrity
 - Environmental policy

The results of this analysis are expressed according to the principles for defining content: stakeholder engagement sustainability context, materiality and completeness.

The stakeholders identified in this materiality analysis were the following:

● Internal coverage
 ● External coverage
 ● Internal and external coverage



Engagement with our stakeholders takes place in different ways according to their needs or interests. In 2018, we will continue opening spaces for dialogue with our stakeholders to improve our Sustainable Development programs and initiatives. We make an effort to prepare this materiality analysis according to the needs, challenges and opportunities for Vitro, including its recent acquisitions.

Through a Diagnosis of Quality of Life at Work, we engage in direct dialogue with our employees to understand their needs. We communicate with partners and shareholders through board meetings and the Investor Relations Area. Suppliers have an opportunity to open dialogue in training sessions, audits and evaluations. We are also in contact with the government and authorities in various national and international forums in which we participate, and by other media.

In addition to these channels, we continuously monitor the institutional e-mail inbox at social@vitro.com, the purpose of which is to assist clients, suppliers, non-government organizations, academia, the media, and the community in issues of Social Responsibility and the Environment.

In 2017, we received 25% more e-mails than in 2016, which we classified into donation requests, information requests, sponsorships, recycling and recruitment.

We make an effort to prepare this materiality analysis according to the needs, challenges and opportunities for Vitro, including its recent acquisitions.



Our Annual Sustainable Development Report is one of the ways we respond to our stakeholders' expectations. It contains information and details on actions, initiatives and projects carried out by the company on January 1 to December 31, 2017. This report was prepared in accordance with the Core Option of the

Global Reporting Initiative (GRI) Standards. We are still in the process of integrating all our businesses, so some goals and indicators will be reported in subsequent reports. The data presented contain some of the activities carried out in all the countries where we operate. This report does not contain any restatement of information from previous reports.

This report has been externally verified by Redes Sociales LT, S.A. de C.V., a Mexican company experienced in sustainability checks, audits, systems and evaluation. Evidence to this effect can be found on page 175 of this report.



2017
Highlights

2017 highlights

 **14,817**
employees around the world

 **38.8** hours
of training on average
per employee

 **21** people
with disabilities employed
in the pilot program
Uniendo Talentos

 **10** years
recognized as a *Socially
Responsible Company*

 **97,00** metric tons of glass recycled from
external sources and incorporated
into our process

Ten years of Naturalmente Vitro
 **77,000** trees
adopted and more than **3,500** beneficiaries

 **4%** Reduction
in water consumption by
our Mexican operations

 **8** GJ per metric ton
of glass melted in *Vitro's Architectural
Glass* operations in the US

 More than **1,400**
patents in all our businesses

 **MXN \$11 million**
donated to institutions in
support of health and education

 More than **50,000**
community beneficiaries

 **53,675** hectares of conservation and 1,023 wildlife species
protected together with the *Organización de la Vida Silvestre (OVIS)*



First glass manufacturer
in North American to publish its
Environmental Product Declaration
for operations in the US



Reduced waste from
processes in Mexico by

8.7 metric tons



0.28 ratio
of glass waste per metric
ton of glass melted in our US processes



More than 40
suppliers were trained to introduce
Greenhouse Gas emissions
measurement practices



Commitment to SDG

In line with Vitro's Sustainability Model, this year we are including a reference to the U.N. Sustainable Development that applies to each section of our report.

In 2015, world leaders developed 17 global goals to contribute to Sustainable Development. Each incorporates specific targets to reach over the next 15 years. The Glass Company is committed to helping achieve these goals.

In line with Vitro's Sustainability Model, this year we are including a reference to the U.N. Sustainable Development Goal that applies to each section of our report.





*Comprehensive
Competitiveness*

About our manufacturing process

GRI: 102-9, 103-2, 103-3, 301-1, 414-1

As part of Vitro's commitment to Comprehensive Competitiveness, we offer high value-added solutions in our products and services, with an unwavering concern for keeping our operations efficient while developing a holistic relationship with the entire value chain.

Glass represents quality, trust and transparency. The Company has always made an effort to exceed the expectations of our clients and consumers, and have succeeded in making our glass a key input in many industries.

We understand our value chain as a process that takes place from the time our suppliers obtain raw materials for our products to the time the client disposes of them.

8 DECENT WORK AND ECONOMIC GROWTH

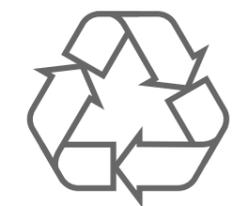


Industry, innovation and infrastructure

11 SUSTAINABLE CITIES AND COMMUNITIES



Sustainable Cities and Communities



Raw materials



Manufacture



Finishing



Distribution



Destination



Disposal of product waste

We understand our value chain as a process that takes place from the time our suppliers obtain raw materials for our products to the time the client disposes of them.



The Company has always made an effort to exceed the expectations of our clients and consumers



We offer high value-added solutions in our products and services, with an unwavering concern for keeping our operations efficient

Our manufacturing process is different for each Business Unit. The raw materials used to make flat glass are: silica sand, soda ash, calcium carbonate, dolomite, colorants and flux, and recycled glass; in our container manufacture we add limestone and feldspar.

In this first part of the chain, we analyze all our basic supplies to be sure they are produced in a manner consistent with our values. We ensure that there are no forms of forced or coerced labor or child labor in any of our operations or in those of our suppliers, through monitoring and the signing of our Code of Ethics.

All of our suppliers are evaluated by the supply area, which defines the selection criteria to ensure the best conditions of quality, price and service. Our suppliers are required to comply with all laws where they operate. We continued to use the Supply Model mentioned in last year's report, and are working on an internal audit process for the global Supplier Certification project.

Each year, this program conducts an audit of strategic suppliers in terms of storage, quality, process control, continuous improvement, human resources, safety, social responsibility and the environment. Audit candidates are selected according to categories like amount of purchasing and strategic inputs.

As we consolidate and integrate operations, we create formal institutional negotiation processes to ensure the transparency of our supply chain. We will continue to work on strengthening information and data on our operations so we can identify and evaluate the social and environmental impact of our suppliers.

During the glass melting process, we use non-renewable fuels like natural and LP gas, coke, and gasoline. In an effort to make our operations more efficient, we reuse steam from the raw material production process at our business Industrias de Álcali.

Once the products reach our operating facilities, we ensure they are put through the best processes in the industry. We invest in fixed assets and in improving our operations through repair, maintenance and the most advanced technology available.



In the automotive sector, we started up a line of *curved glass* for original equipment.



We optimized operation of a *solid separator plant*, which improves our consumption and use of DS brine and water in the raw materials segment.

We began building a *jumbo coater* in the flat glass market.



Acquisition of an *IS Full Servo machine* for the container business, made by FAMA





One of the last steps in our production process is product packaging or wrapping. It is very important for us to represent responsible suppliers. We have various regulations on labeling and supply of our products. In our products' life-cycle, one of the most important points is the materials used for packing them. Because of our commitment to the environment, many of our products have a special steel packing that is returned to our facilities after the product is delivered to the client, so no additional waste is generated along the way.



*Our
products*

Architectural Glass

Commercial, residential and specialty



Our Architectural Glass division has a research and development center located in Pittsburgh Pennsylvania, the *Vitro Glass Technology Center*.

Which is continually developing new architectural glass products.



It has produced a number of glass patents for the company in recent year, like:

Low-iron glass
Starphire Ultra-Clear®



Glass
Solarban® 90



The first low-emissivity glass of its kind to offer triple-silver coating technology.

Vitro's Architectural Glass division produces around 18 million square meters of low-emissivity glass each year, helping dramatically reduce energy consumption in homes and office buildings around the world.

Architectural Design Center

In Mexico, we provide personalized consulting on architectural products through design, engineering and construction feasibility solutions at our Architectural Design Center. Some of the products we develop in Mexico are *PAMA, Platia, Kolore, Vitrospangrafik, and others.*

Our products

GRI:102-9

At Vitro, we are always working to perfect our processes and improve our results. We make all our products with innovation and efficiency. Every one of our business units uses cutting-edge technology and processes that ensure their products meet the needs of their clients.



Containers

Cosmetics, fragrances and toiletries

Vitro glass containers are made and certified according to the most rigorous international standards, guaranteeing quality, safety, hygiene, innovation and sustainability.

In 2017

We worked on more than

300 *new finishes*

Made more

80 *new molds*

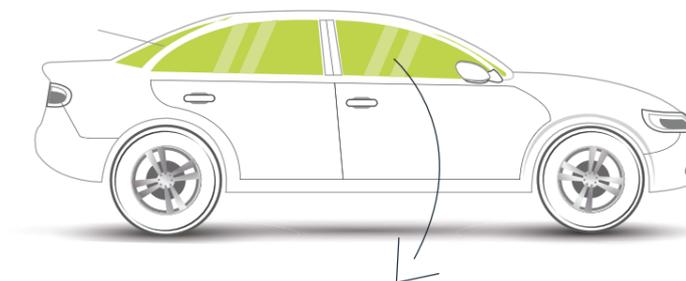
Our product development time is highly competitive, and our glass containers for cosmetics, fragrances and pharmaceutical products have earned various awards and recognitions.



Automotive glass

Windshields, rear and side windows, sunroofs

Vitro automotive glass products offer a distinct advantage over our competitors, ensuring a quieter ride, greater privacy for vehicle occupants and protection from UV radiation.



In 2017 we worked on the launch of a triple-silver coated glass for automobiles.

Some of our specialty glass products are:

Thermal windshields and doors

WeatherMaster®



Use MSVD conductive coating to generate internal heat when electrical energy is applied.

Glass

Sungate®



Improved-yield reflective glass that reduces heat inside the vehicle by reflecting the sun's energy outward.

Water-repellent glass

Aquapel®



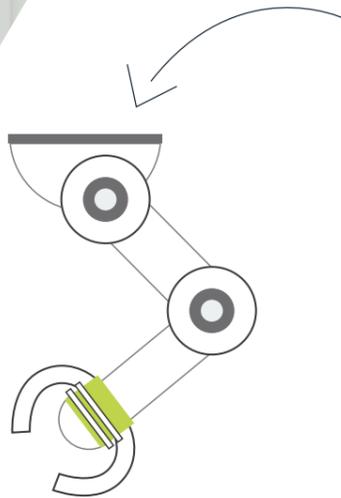
Has a hydrophobic coating that causes water to bead and roll off easily with the airflow.

FAMA

Molds, machinery, special equipment, automation and engineering services

Our machinery and equipment division, FAMA, has a research and development team led by expert mechanical and electrical engineers and designers who have extensive experience in developing products that can improve processes across a wide range of industries.

FAMA not only develops products but seeks out the best solution for each client, taking into account industry trends and market needs with Individual Section (IS) machinery, molds for the glass industry from 5 milliliters to 5 liters in various shapes, and adjustments by process and in various materials, engineering and automation services.



Industria del Alkali

Calcium Carbonate, Sodium Bicarbonate, Sodium Chloride, Calcium Chloride

We are leaders in the production, sale and distribution of

- Calcium carbonate
- Sodium bicarbonate
- Calcium chloride

Every one of our products has a technical specification sheet depending on its use--industrial or food-grade--as well as safe handling and transportation emergency instructions, in order to be fully transparent with our clients.

In 2017, in our food-grade products we worked on the design of a new image for our own brand of table salt, Sal Hada, which was launched in Mexico, and a USP sodium bicarbonate product for supermarket chains.



Recognitions

Our clients are at the heart of our business, which is one reason for the many awards and distinctions we received in 2017. These recognitions make not of our best practices in quality, production, environmental performance, ethics, and other areas.



Containers:

18 containers recognized by the Mexican Container and Packing Association.

1 Clear Choice award from the Glass Packaging Institute in the category of Cosmetics and Fragrances.

Family Responsible Company distinction from the Secretaría del Trabajo y Previsión Social.

Gilberto Rincón Gallardo Inclusive Company Distinction from the Secretaría del Trabajo y Previsión Social.



Socially Responsible Company Distinction (ESR) from CEMEFI.

Super Companies of 2017, Top Companies in the category of +3,000 employees.



Industria del Alkali:

Kosher certification in the United States.

Sedex Member Ethical Trade Unit (SMETA).

Recognition from clients like Mega Alimentos for being a trustworthy supplier in Mexico.

Type A supplier of Brenntag in Nicaragua.





Automotive:

General Motors Recognition for Excellence to our Crinamex plant.

Approved in General Motors' Build in Quality Supply Based (BIQS) audits of the Evert plant.

Laminated products endorsed by the Automotive Manufacturers Equipment Compliance Agency (AMECA).



Architectural:

R&D 100 award from R&D magazine for SolarBan 90®

Cradle to Cradle™ certification for products in the United States.

Environmental Product Declarations (EPD) for products in the United States.

Structures that use Vitro Products in the United States obtain points for LEED Certification (Leadership in Energy & Environmental Design) in nine categories of the LEED v4 edition.

Certifications and declarations

To ensure the quality of our processes, our plants are either certified or in the process of re-certification under up-to-date standards that accredit our operations.

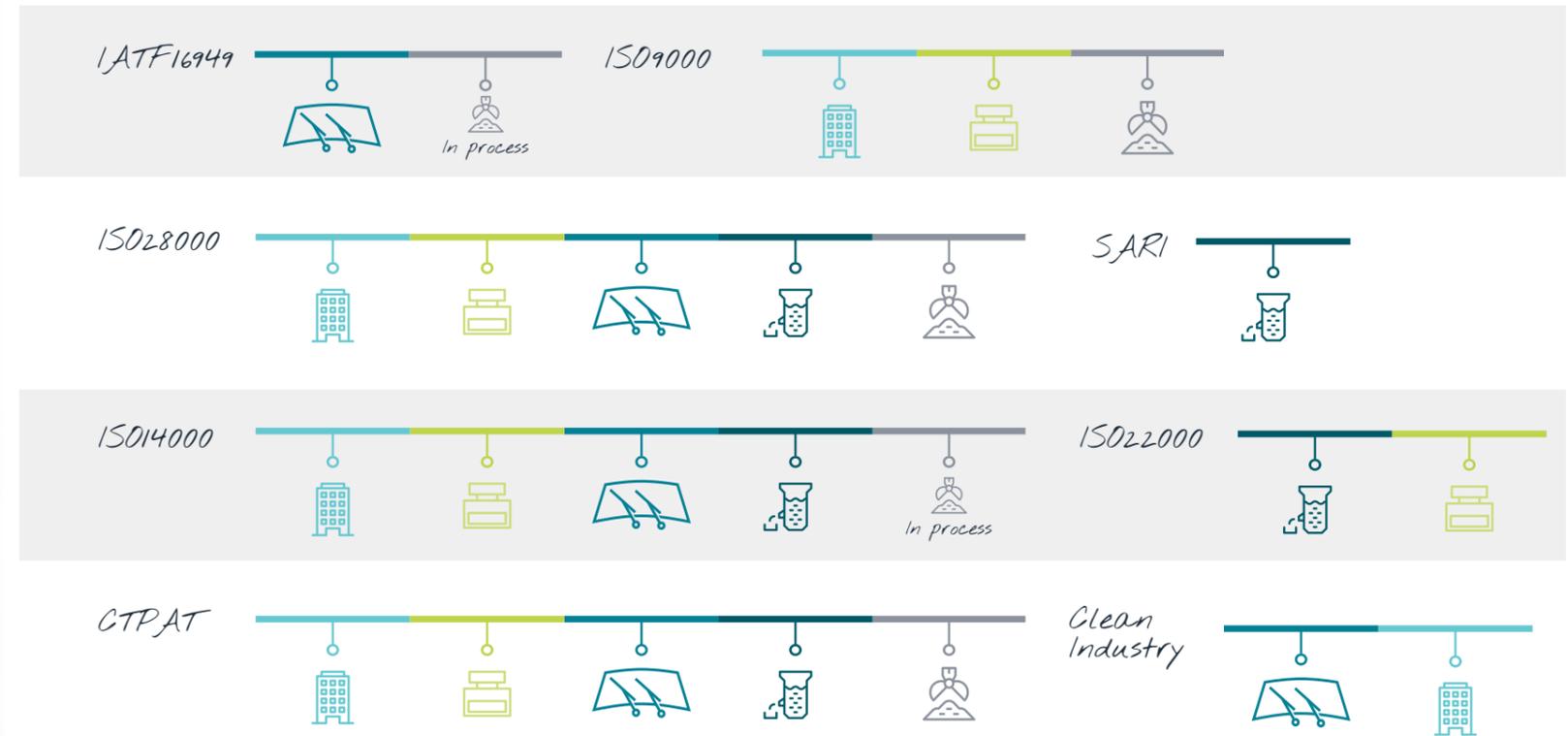
The certifications are international standards systems that recognize our practices in quality management, environmental safety, supply chain safety management and cross-border security.

We have ISO 14001:2004 certification on some of our plants and others in the process of being re-certified under the updated ISO 14001-2015 standard, which certifies our operations for practices in the areas of water, air, soil, environmental impact and risk, and waste management.

We also participate in voluntary programs like Clean Industry Certification in Mexico. With our architectural glass products we are the first North American manufacturer in this industry to file Environmental

Product Declaration (EPD), which details the impact of our flat and processed glass products throughout their lifestyle, and can be used by clients in their own environmentally friendly construction certification.

THIRD-PARTY CERTIFICATIONS



Our products are also certificated by external organizations. Our automotive division obtained a number of product certifications in 2017, according to clients' safety requirements for color, grade, size and form.

| VITRO AUTOMOTIVE | Scope |
|------------------|---------------|
| ANSI | North America |
| R43 | Europe |
| CCC | China |
| INMETRO | South America |
| VSCC | Taiwan |
| ARAI | India |
| INCOTEC | Colombia |
| INEN | Ecuador |

Associations

GRI: 102-12, 102-13

We understand how important it is to be involved in various associations and committees that keep us abreast of the latest technology and give us an opportunity to engage in constructive dialogue with various industry participants. In 2017 we kept up our active participation in more than 50 industry associations in Mexico.

Vitro does not involve itself in political activities, and accordingly makes no financial or product donations to political parties or groups in any of the places where we operate.

Industry chambers and trade associations

1. *Cámara de la Industria de la Transformación*
CAINTRA
2. *Cámara Nacional de la Industria de la Transformación*
CANACINTRA
3. *Confederación de Cámaras Industriales*
CONCAMIN
4. *Asociación Nacional de la Industria Química*
ANIQ
5. *Asociación de Empresas de Ahorro de Energía en la Edificación*
AEAEE
6. *Asociación Nacional Pro Superación Personal*
ANSPAC en México
7. *Asociación Mexicana de Envase y Embalaje*
AMEE
8. *Confederación Patronal de la República Mexicana*
COPARMEX

Specific-interest organizations

1. *Cluster de Vivienda y Desarrollo Urbano Sustentable*
2. *Comisión Nacional para el Uso Eficiente de la Energía*
CONUEE
3. *Centro Mexicano para la Filantropía*
Cemefi
4. *Clúster Automotriz de Nuevo León*
CLAUT
5. *Fideicomiso para el Ahorro de la Energía Eléctrica*
FIDE
6. *Red Estatal de Museos*
7. *Red SumaRSE*
8. *Asociación de Empresas para el Ahorro de Energía en la Edificación*
AEAEE

We also participate in international initiatives like the Carbon Disclosure Project and Mexico's GHG program, which encourage close tracking of scope 1, 2 and 3 emissions in our operation and compliance with regulatory requirements, in order to maximize our competitiveness.

*Human
attitude*





Workforce

GRI: 102-8, 103-2, 103-3, 202-2, 401-1, 401-2, 401-3, 405-1

One of the strategic pillars of this Company's success is its employees, which is why we support the talent and comprehensive advancement of each of them.



In 2017, we had a workforce of 14,817 employees worldwide, most of them working in Mexico and the United States.

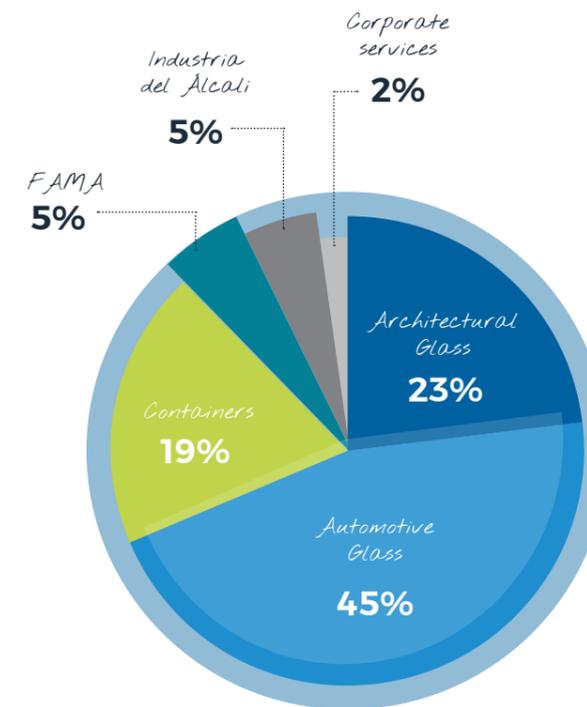
To this end, we have a robust training and development program, we encourage a working environment based on our values, we promote non-discrimination, offer competitive benefits, maintain safe workplaces, organize occupational and family health campaigns, and take other actions that support the well-being of every one of us at Vitro.

Our processes are carried out in accordance with the Declaration of the international Labor Organization (ILO) and United Nations Universal Declaration of Human Rights. In 2017, we had a work force of 14,817 employees worldwide, most of them working in Mexico and the United States.

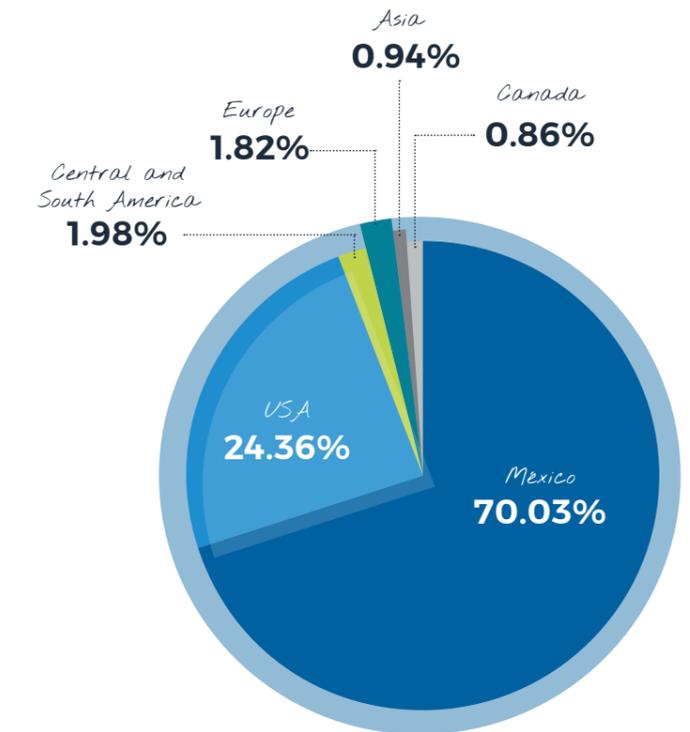
Our Board of Directors consists entirely of men between the ages of 49 and 73. We prioritize hiring from local communities in the places where we operate, so 100

percent of our senior management--those reporting directly to the Executive CEO--are originally from the country where they work.

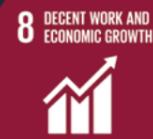
BREAKDOWN OF WORKFORCE BY BUSINESS



BREAKDOWN OF WORKFORCE BY GEOGRAPHIC LOCATION



Gender Equality

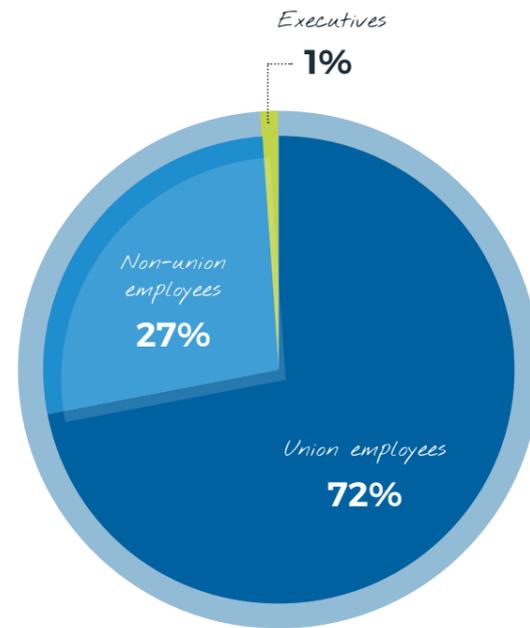


Decent Work and Economic Growth

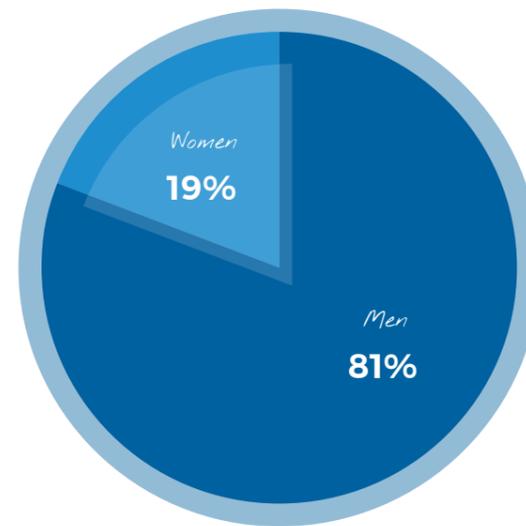


Reduced inequality

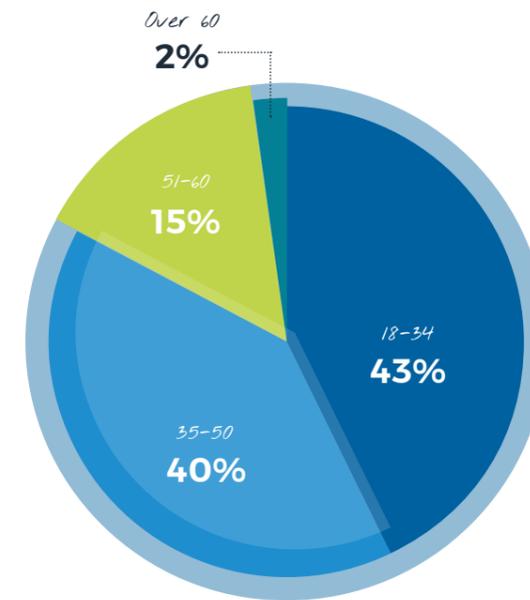
BREAKDOWN OF WORKFORCE BY TYPE OF EMPLOYEE



BREAKDOWN OF WORKFORCE BY GENDER



BREAKDOWN OF WORKFORCE BY AGE



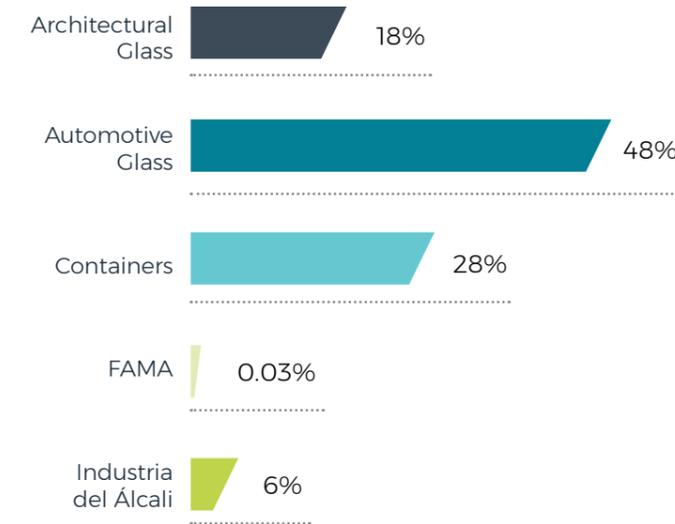
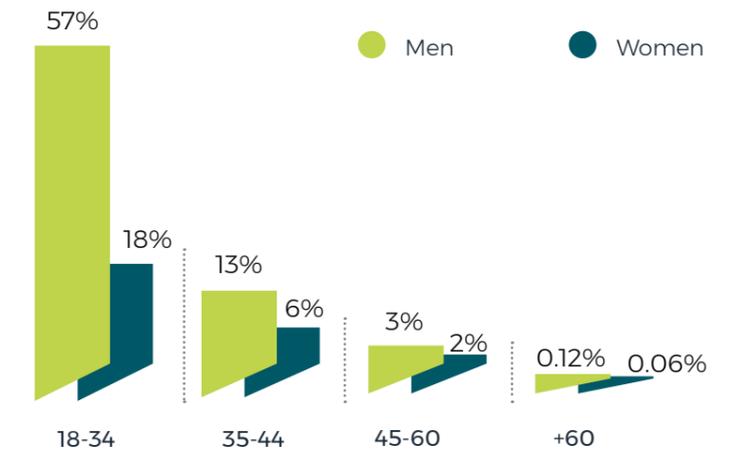
TURNOVER

| | TURNOVER | | |
|----------------------|-------------|-------------|-------------|
| | Voluntary | Involuntary | |
| Architectural Glass | 325 | 209 | 534 |
| Automotive Glass | 294 | 147 | 441 |
| Containers | 651 | 74 | 725 |
| FAMA | 93 | 328 | 421 |
| Industria del Alkali | 47 | 24 | 71 |
| TOTAL VITRO | 1410 | 782 | 2192 |



Employee turnover in 2017 was 14.7 percent of the total workforce.

In 2016, we had 11,407 employees, which meant the creation of 3,410 new jobs, an increase of 29.89 percent. The following is the breakdown by business unit, age and gender.



In the matter of diversity and inclusion, we at Vitro strive to attract the best talent available, and therefore make no distinction in hiring based on origin, race, gender, age, economic or social status, political affiliation, union membership, marital status, pregnancy, disability, illness, beliefs or sexual orientation.

We are convinced that people with disabilities and elderly adults add tremendous value to teams and to the Company. In 2017 we employed 270 people over the age of 60--almost 2 percent of our total workforce--making sure they had all the elements needed to work to the fullest of their abilities and experience.



Members of *Uniendo Talentos* program. These employees with hearing disabilities work in one plant of our containers business unit.

In 2016, we had
11,407
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 of 3,410 new jobs

To include more people with disabilities in the Vitro family, we have a program called *Uniendo Talentos*, which works to ensure we have the conditions necessary to attract and develop the talent of people that are in some way vulnerable, in this case, people with disabilities. This is one the goals we set ourselves as a business. The program was re-launched in 2015, but we have been working in this area since well before then. We have been recognized as an Inclusive Company by the *Secretaría del Trabajo y Previsión Social*, which is valid for a three-year period.

We continue to work on hiring more people with disabilities, toward our goal of 1.5% of the total workforce by 2020.

WORKFORCE INCLUSION GOAL FOR
 PEOPLE WITH DISABILITIES



One of our special efforts to meet this goal in 2017 was a pilot group of people with auditory and motor disabilities who were hired in the Container Division. Twenty-one workers were incorporated into departments like Quality, Decorating, Production, Packaging and Finishing. The same business unit has a production line for one of our main clients, staffed by employees who have children with disabilities or an elderly dependent in the family. At FAMA, we have 4 employees with intellectual, visual or motor disabilities.

We are confident that by making this a good place to work for everyone, regardless of their specific vulnerability, we are gaining a competitive advantage by which we can attract and develop talent while adapting to the needs of our clients and our environment.

Employee benefits

GRI: 102-41, 103-2, 103-3, 202-1

We believe that every employee has a role to play in the company, and we analyze their needs in order to offer them the best benefits package possible.

We abide by international standards that measure working conditions offered in the company, like SEDEX, and we provide competitive benefits to our employees above the minimums required by law. Our employee salaries depend on the place of operation, and range from 1.06 times the minimum wage (TMW) in Colombia to 2.82 TMW in García, Mexico. As part of our commitment to diversity and the inclusion of vulnerable groups, men and women receive equal pay for equal work in our organization.

We promote the freedom of association and collective bargaining, a right extended to 100 percent of our employees, at least where the concept is recognized by law. Our employees are affiliated with any one of 13 different unions or collective bargaining agreements, including 100% of our operational workers in Mexico and Colombia; in other countries we are in the process of consolidating the numbers and collecting information on this aspect.

We understand the importance of offering competitive and attractive salaries and benefits. Our employees have paid vacation, vacation bonuses and annual

bonuses above what is required by law. Among our most representative benefits are attendance and punctuality bonuses, both paid bimonthly; free medical service; savings fund; grocery vouchers; social security contributions, and others.

We also have agreements with universities to help pay undergraduate and master's degree tuition for

employees' children, plus scholarships and school supply assistance. All of our plants organize health and vaccination campaigns for employees and their families, and for neighbors and the community at large.

In the matter of parental leave, in 2017 we had 109 women take maternity leave and 381 men take paternity leave, with a reinstatement rate of 86 percent.

PARENTAL LEAVE

| | Men | Women | Total |
|--|-----|-------|-------|
| <i>Employees who took parental leave</i> | 381 | 109 | 490 |
| <i>Employees who returned to work after leave</i> | 342 | 80 | 422 |
| <i>Employees who remained with the company 12 months after leave</i> | 255 | 57 | 312 |



No poverty



Good Health and Wellbeing



Training and Talent Development

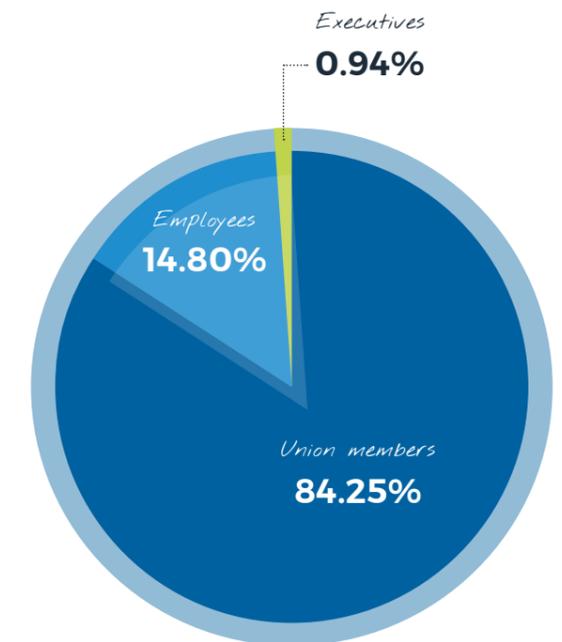
GRI: 404-1, 404-2, 404-3, 401-1, 412-2

One of the most basic aspects of our employees' development is training. Through initiatives focused on developing our employees' talent, we ensure the success of our operations.

In 2017, our employees took advantage of various programs Vitro makes available to improve their skills, accumulating more than 570,000 hours of training, or an average of 38.8 hours of training per year per employee.

Most of the training took place in person, particularly for our operating employees. We have specific training programs in Health and Safety, Languages and Technical Knowledge.

BREAKDOWN OF TRAINING HOURS BY TYPE OF EMPLOYEE



4 QUALITY EDUCATION



Quality Education

8 DECENT WORK AND ECONOMIC GROWTH

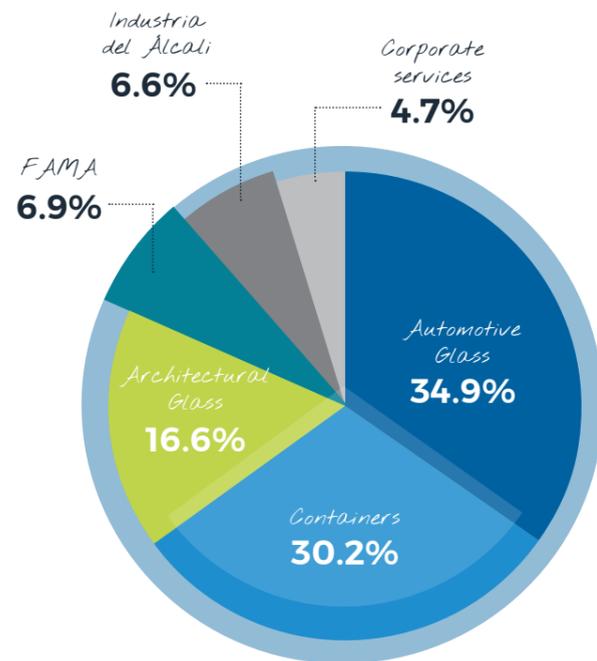


Decent Work and Economic Growth

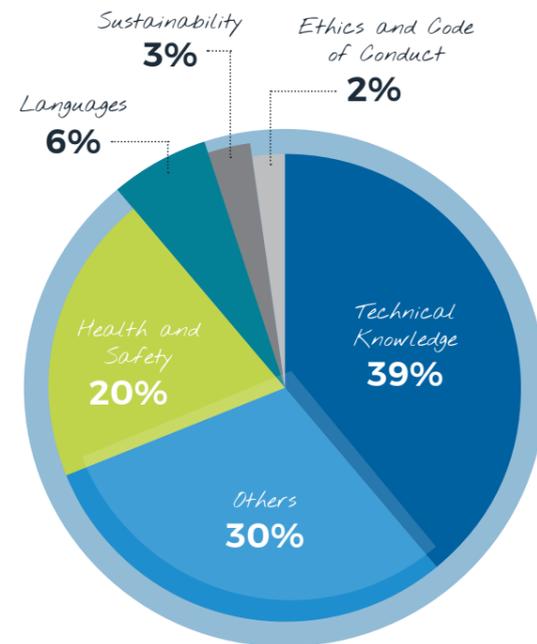


100% of our Security personnel receives training in Human Rights

BREAKDOWN OF TRAINING BY BUSINESS UNIT



BREAKDOWN OF TRAINING HOURS BY TYPE OF TRAINING



In addition to hands-on and classroom training, we are always trying to expand our training options and make them available on a continuous basis. We invested in a portfolio of online training where employees can improve their performance and further their technical careers, with 2,333 courses in Spanish and 2,138 in English, on Vitro's Talent Platform. Furthermore, 100% of our Security personnel receives training in Human Rights, in keeping with our values and our Code of Business Conduct and Ethics.

Another key phase in our employees' training is the Performance Evaluation, which is applied to executives for the purpose of measuring individual performance to use as the basis for a professional development plan. More than 88 percent of our employees in Mexico receive these evaluations and prepare training and development plans.

An example of the Company's contribution to developing talent through training is the Glass University, which responds to a change in the way personnel are trained and prepared in the Container Business Unit. The university has hands-on and classroom training as well as online and combined

programs, and employees can have skills certified for their position and thus develop the skills, knowledge and abilities they need for future challenges.

The program received its first pilot group of 182 Vitro employees in 2017, who had the chance to improve and boost their professional careers by accessing the most up-to-date knowledge available on their jobs.

Vitro also addresses training needs in the external community, offering specialized courses for clients and suppliers. Last year more than 10 of the main clients of the container plant participated, receiving a certificate of participation and learning about glass manufacturing processes.

Another example of Vitro's commitment to employee advancement is its Developing Professionals Program. In this, the Planning, Human Resources, Commercial and Operating areas in Mexico seek to develop new talent through a 12-month career planning process, in which participants have the opportunity to rotate through different areas of the company in order to learn more about it and offer solutions with a new management focus.



We invested in a portfolio of online training where employees can improve their performance and further their technical careers.



Last year more than 10 of the main clients of the container plant participated.

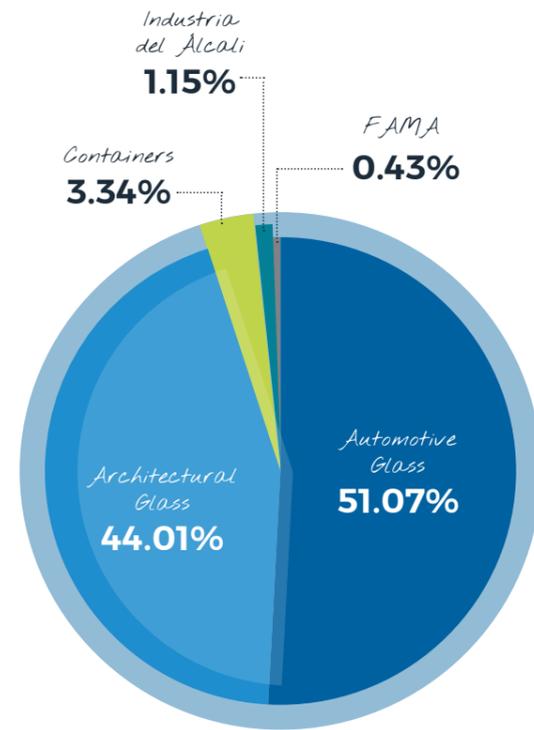
Occupational Health and Safety

GRI:103-2, 103-3, 403-1, 403-2, 403-3

One of the most important parts of Vitro's mission as an employer is to provide spaces and processes that protect and promote the health and safety of our employees. We are continuously working to reduce the number of accidents, our accident rate, and the number of days lost to illness. As Vitro grows through new acquisitions, we incorporating each new plant into our Safety and Health culture.

In 2017, all of Vitro's Business Units assumed a pro-active approach, investing in providing employees with uniforms and personal protection equipment, in industrial safety programs, occupational safety programs and executive health programs.

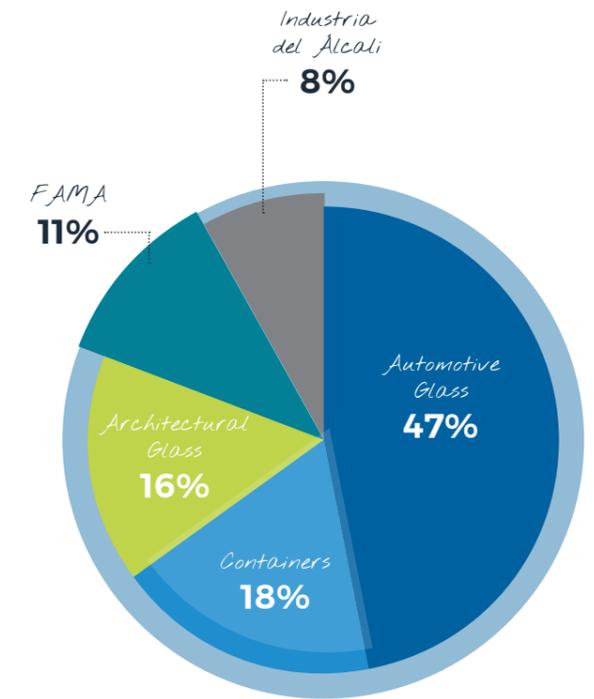
INVESTMENT IN OCCUPATIONAL HEALTH AND SAFETY



One of the tools we have in Mexico is the Vitro Safety Leadership Model, through which we work to build a preventive culture among our leaders and employees to avoid accidents and protect physical safety. Another program in this area is the Total Loss Control program, under which we control and take the measures necessary to avoid any accidents on our premises.

At Vitro, we assume responsibility for reducing the number of accidents in our operations. Out of the total number of accidents in 2017, 9.8 percent were incapacitating at the global level, and 7.9 percent in Mexico and Latin America. This means an accident rate of 0.7 per 100 employees globally, and 0.5 in our operations in Mexico and Latin America. In 2017 we had zero operating fatalities.

DAYS LOST AT VITRO WORLDWIDE DUE TO INCAPACITATING ACCIDENTS BY BUSINESS UNIT



3 GOOD HEALTH AND WELL-BEING



Health and Wellbeing

8 DECENT WORK AND ECONOMIC GROWTH



Decent Work and Economic Growth



Our efforts in this area were reflected in an 11.3 percent year-to-year reduction in our global Accident Rate, exceeding our own goal by 35 percent. We also surpassed 2017 goals in Mexico and Latin Operations, and for 2018 we have established global goals.

92 percent of formal bargaining agreements incorporate some issue of employee health and safety

2017 RESULTS AGAINST GOALS

| Indicator | 2017 Goal | 2017 Improvement |
|--------------------------|-----------|------------------|
| Accidents | 737 | 15.7% |
| Incapacitating Accidents | 67 | 26.9% |
| Days lost | 3069 | 36.8% |
| Accident rate | 103 | 35% |

To achieve these targets, we establish and are continually reviewing Occupational Health and Safety targets for all the activities that entail a high risk of accident or illness, for example, in the glass foundry area. This goals apply not only to our employees but also to contractors, suppliers and visitors to our facilities, from the receipt of raw materials to the shipment of our projects.

Thanks to the trust and excellent relationship we have with our unions, 92 percent of formal bargaining agreements incorporate some issue of employee health and safety, satisfying the interests of this group while ensuring absolute compliance with current regulations.

We will continue adopting best industry practices and regulations, and investing in prevention and training programs, as well as processes and procedures that help improve our operating safety in keeping with the specific needs of each business unit.

Health Programs

GRI: 403-4

To support the well-being of all of our employees, we need to take their wellness into account, so throughout the year we hold talks and theme-based events to contribute to their overall advancement.

In our ongoing effort to incorporate best labor practices, we continued our “Champion” program for employees, which consists of four initiatives: Vitro Family, *Uniendo Talentos*, Wellness and Volunteer Corps.

Vitro Family: This includes all of our work-family activities and traditions, like summer camps, family visit days, vaccination campaigns, nutrition, parasite control and oral health, among others. In 2017, more than 500 families had an opportunity to tour our plant and learn more about the processes that employees of our Automotive Glass Division carry out every day at the Crinamex plant.

Uniendo Talentos: A program that promotes the hiring of people with some sort of disadvantage or disability. We currently have more than 25 employees with auditory or motor disabilities or older adults. We have a job description matrix for offering the best conditions to anyone who wants to work at the Company.

Wellness: This is a comprehensive program of employee well-being, which involves medical evaluations and nutritional follow-up to improve their health. The results in 2017 were a total of 575.1 kilos lost by 277 employees in Mexico. The most remarkable indicator was that 7% of participants improved their health by between 1 and 2 levels on the wellness scale.

Volunteering: Employees participate in activities to benefit the community. In 2017, members of our corporate volunteering were involved in visits to shelters and homes for children and in reforestation campaigns.

In addition to the Wellness program, our operating plants carry out occupational health campaigns,

including vaccinations, medical checkups, and monitoring of various medical indicators. The results in 2017 included more than 100 campaigns focused on the health of our employees, with more than 15,000 beneficiaries. These campaigns are carried out on the premises and are open to our employees, their families and the community at large in some events, and are publicized by e-mail when they are internal campaigns, and by visual materials when they are open to neighbors as well.



Note: Employees may benefit from more than 1 campaign a year.

In addition, we hold sports races in which plant employees are invited to become more physically active. One of the most representative of these events last year was the 4th annual Health Race in García, in which 190 employees and family members

participated from Álcali, the Flat Glass and Automotive divisions in Mexico.

Soccer is another activity through which Vitro promotes health. In 2017, 260 players took part in tournaments among 13 of our plants in Mexico. Twenty-two matches were held at *Vitro Parque el Manzano*, attended by family members and co-workers, encouraging togetherness and friendship among the various plants through physical activity.

In synergy with ANSPAC (*Asociación Nacional Pro Superación Personal*), we try to support and complement our employees’ work lives, through a program offering talks and training in various areas to employees’ spouses. This year we completed the first cycle of the program with a graduation ceremony for 80 women at our facilities in Mexico.

Through programs like these, we try to help both employees and their families acquire healthier eating habits and to extend the coverage of these programs throughout all of our operations.



Health and Wellbeing



Decent work and economic growth



Community Development

GRI: 103-2, 103-3, 413-1

We understand Community Development to be a fundamental pillar for the success of our business, and for this reason we are involved in various initiatives and projects in partnership with other organizations, governments and institutions, and generate social value in the communities where we operate.

This is why 100 percent of our operations have at least one program for participation in local communities, according to the specific needs of each community. The impact evaluation also varies according to the site of operations.

Some of the programs we are involved in are:

SumaRSE Network project areas

- Restoration of public spaces
- Social prevention of crime and violence
- Environmental care
- Citizenship
- Image, identity and culture
- Family togetherness
- Health and education rights

Since 2010 we have been part of the SumaRSE network, a group of companies who support the development of society through high social impact projects. This year more than 3,700 people benefited from community projects and events, thanks to the creation of 66 community groups participating in 34 different social transformation projects.

In 2017, we continued to bet on training as a tool for bolstering community development. We worked together with the *Organización de la Vida Silvestre (OVIS)* in community support workshops on topics ranging from urban agriculture and pollinizers to water care, waste management and biodiversity. Through a total of 16 workshops in 2017, more than 800 communities benefited, together with governments and nonprofit organizations.

Besides these workshops, we carried out a reforestation day, in an alliance with primary and preparatory schools in the estate of Nuevo León, and partnerships with the local governments of Mexicali, Baja California, and García, Nuevo León.

In addition to training, we supported various projects together with OVIS to benefit communities, for example the Sabanillas project, where 115 inhabitants benefited directly from the restoration of more than 22 hectares of land with the planting of more than 10,000 lechugilla agave plants, which is used for both nutritional purposes and fiber for various products, providing a direct source of revenues for these people.



No poverty



Reduced inequalities

In our operations in the United States, various volunteer efforts were carried out, one of them being the collection of school supplies for children in disadvantaged communities. The initiative was organized together with the YMCA Center for the Pittsburgh Manchester K-8 public school.

We identified no negative impacts on the communities where we operate, but we have a formal process by which neighbors in our communities can file complaints through various channels, for example in person at our plants, by e-mail, or a hotline available to anyone in the community.

We will continue to work together with civil society to make further progress, improving the social fabric with a transformative vision and support for human rights. To learn more about our community development projects, see our sustainability newsletter entitled "Reflector."

Commitment to education

Education is one of the most important issues for Vitro. Since 1942, we at Vitro have concerned ourselves with the training of employee children as an additional benefit.

Formación Educativa, A.C. (FEAC) was formed as a result of this effort, where employees' children can receive quality education. There are currently four schools operating: the Andrés G. Sada kindergarten, the Roberto G. Sada primary school, the Industria del Vidro Primary School and the Rómulo Garza High School.

Today these schools are open to members of the community as well, and this Vitro initiative is self-sufficient, while Vitro employees are guaranteed a solid education for their children.

FEAC schools reported a number of achievements in 2017, including first place winners in various school honor

guard competitions at the pre-school and elementary school levels, in marching bands and interpretation of the national anthem. They have also participated in and earned distinctions in chess and oratory competitions, in soccer, basketball, track & field, volleyball and handball tournaments. In addition, the primary schools won fifth place in the 6th annual Mathematics Contest of the National Confederation of Mexican Schools at the regional level, and fourth at the state level.

Each of the schools also participates in social development projects with the surrounding communities, including the Awareness project and Families United. All of these initiatives benefited various members of the community, like the needy, people living in shelters, homes for children and hospitals, parents, and others.



To know more about community development projects. Visit our sustainability newsletter Reflector



Quality education



FEAC School data:



342 graduates

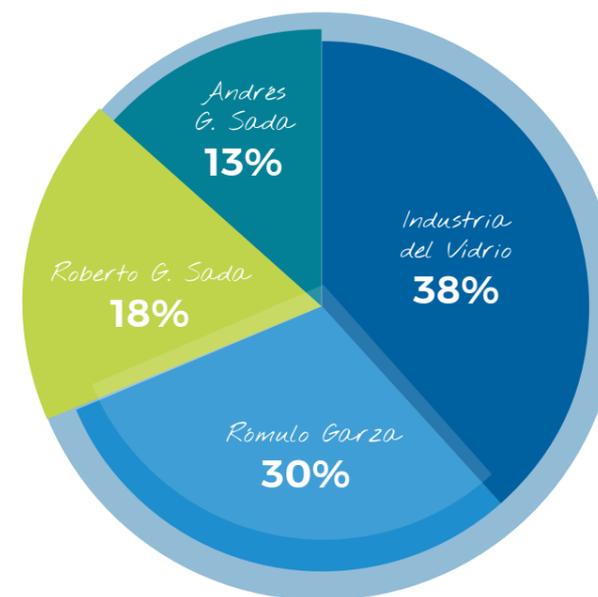
35 community initiatives

72 professors



1258 current students
71. Vitro

VITRO STUDENTS BY SCHOOL



For information about enrollment in FEA schools, call

+52 (81) 83797249 | 8377 5053

from 8:00 am to 1:30 pm,
and from 2:30 to 5:30 pm (UTC -6).

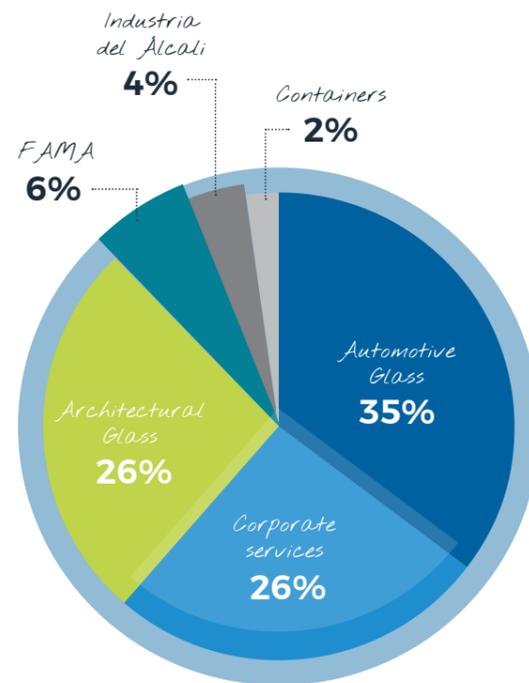


For more than 15 years, we have been holding job fairs to attract candidates for company vacancies

Besides the FEAC schools, at Vitro we believe in the importance of connecting with various educational institutions, particularly with universities. We have cooperation agreements with universities like the *Universidad Autónoma de Nuevo León*, the *Tecnológico de Monterrey*, and the *Universidad de Monterrey*.

This commitment is embodied in all of our plants, where we open our doors to school visits and invite students to learn more about the glass manufacturing process. We also offer paid internships in all of our operations. In 2017, we had 175 students taking part in our professional internship program in operations in Mexico, and more than 310 students had the opportunity to visit one of our plants in Mexico.

INTERNSHIPS BY BUSINESS UNIT



In 2017, we made our facilities available for university programs. Our container plant once again opened a space, together with the *Procuraduría Federal de Protección al Ambiente (PROFEPA)* and the *Tecnológico de Monterrey*, where for three months students and academics discussed problems and solutions to various issues affecting the nation.

Another area of engagement by our container plant was the First Perfume Container Design Contest, involving 111 competing teams from 26 different Mexican universities.

The Competition called for new or innovative proposals for a new perfume bottle, and entrants were rated on the basis of concept, creativity, design aesthetic

and finishes, integration of glass and its components, ergonomics and user-friendliness of the product.

For more than 15 years, we have been holding job fairs to attract candidates for company vacancies. In 2018 we will continue creating these spaces for collaboration with educational institutions in order to forge solid relationships through which we can share our experience with communities and providing them with other benefits, and learning as a Company about those communities.



In 2017, we had 175 students taking part in our professional internship program in operations in Mexico.



Besides the FEAC schools, at Vitro we believe in the importance of connecting with various educational institutions, particularly with universities.



Museo del Vidrio

The *Museo del Vidrio* (MuVi) opened its doors in 1992. The mission of this initiative is to revive, preserve and publicize the history of glass in Mexico, to promote appreciation of glassmaking techniques and encourage its production. The museum is located in Monterrey, Mexico, on the site of an old glass factory.

This initiative exhibits glassworks made in Mexico and other countries, from colonial crafts to contemporary art, displaying a wide range of techniques and applications. It also works to encourage artists, offering an educational services workshop where workshops and activities are organized to promote creativity and experimentation.

MuVi is deeply committed to the community, and in addition to its daily work of receiving visitors from

public schools, personal and employees of Vitro and the general public, it welcomes various groups from disadvantaged backgrounds.

In 2017, the Museum offered free entrance and a recreational space for special activities to the Juvenile Integration Center, the Special Education Center of the Monterrey Family Services Department, Grupo Arena, which serves people with autism, and others.

It also welcomes visitors from summer cultural programs like Zynk Nacional, Owens Illinois, the Nuevo León Firefighters, and others. It provided classes in glassmaking techniques at the San José Educational Center for housewives or poor youth who need extra income to support their studies of their households.

MuVi also took part in programs to benefit community members outside the Museum, in what are known as extramural events.



Sustainable cities and communities

Extramural events

| Institution | Description | Number of people attending |
|------------------------------|---|----------------------------|
| Paseo San Pedro. | Art workshops to support recycling | 457 |
| Instituto Nezaldi. | Convidarte; the magic of playing imagining and storytelling | 65 |
| Flotado Garcia. | Family visit | 60 |
| Ministry of Public Education | 4th Annual Cultural Fair Expo | 372 |
| C aritas de Monterrey. | Christmas Pageant | 405 |

Muvi Results in 2017

5333 visitors total



2 exhibits

Temporary
Permanent



Environment

Energy consumption and water performance

GRI: 103-2, 103-3, 302-1, 303-3

Vitro understands that our planet is facing tremendous environmental challenges, and we are convinced of the importance of incorporating sustainability criteria into all our operations. Accordingly, we work day in and day out to become more efficient, while monitoring and minimizing the impact of our activities through a systematic ongoing effort.

The following are the results of our emissions, energy, waste and recycling programs as well as the external programs we are involved in to protect the environment. During the period covered by this report there were no significant spills of fuel, chemicals, oils or other materials with a harmful ecological impact.

Our Energy Management System is a tool that supports our energy performance and helps reduce contaminating gasses. In 2017 we carried out various energy saving projects by which we were able to lower our consumption of GJ per Metric Ton of Melted Glass (MTMG) by 12% in our operations in Mexico.

Consumption of energy from non-renewable sources is a material issue for our processes, because our smelting furnaces are high in the consumption of such fuels. In our processes, from the extraction of raw materials through logistics with our clients and end consumer, we use natural gas, steam, coke, LP gas, diesel and gasoline.

In 2017, we reduced the consumption of energy from non-renewable sources by 2% in our operations in Mexico, and increased our consumption of energy from renewable sources by 3 percent. The energy performance achievements of our operations in Mexico and the United States are as follows:

+21 million
Gj total energy consumption.

8.6 GJ per metric ton
of melted glass produced in Mexico.

+150 000 GJ
in energy consumed from renewable sources.

8.0 GJ per metric ton
of melted glass produced in the U.S.

33 percent of our emissions come from the foundry in the U.S. and 66% from Mexico.

6 CLEAN WATER AND SANITATION



Clean Water and Sanitation

7 AFFORDABLE AND CLEAN ENERGY



Affordable and clean energy

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Responsible Consumption and Production

13 CLIMATE ACTION



Climate action



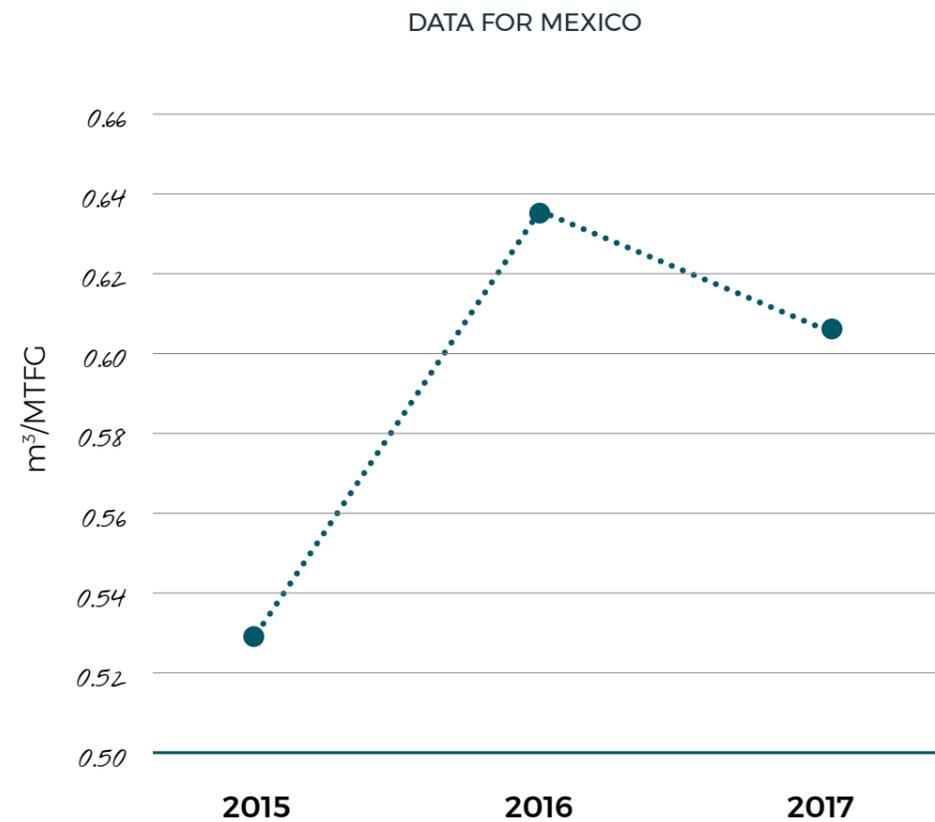
Our calculation method is based on the data provided by the Mexican National Commission on Energy Efficiency in 2017. Last year we had a number of energy efficiency projects under way, among them:

- Change of lighting to LED fixtures in our plants in Oregon, resulting an estimated savings of more than 700,000 KWh per year
- Update of the fan motors on production lines to alternating current in order to control the volume of airflow, with a savings of more than 500,000 Kwh per year in one of our plants in Pennsylvania.
- Electrical substations and corrective actions at our Pennsylvania plant, with savings of more than USD7,000 per year
- Automation of air conditioning equipment with a 34 percent reduction in energy consumption in our float glass plant at García.

We took direct measurements at wells and networks and checked them against billing to measure our water use performance. Our target in 2017 was to keep this consumption below 0.60 m²/metric ton of float glass (MTEG).



In 2017 was to Keep this consumption below
0.60 m³/Ton of melted glass. (TMG).



MTFG: Metric Ton of Float Glass



0.61 m³/TMG
 in Mexican furnaces



1.2 m³/TMG
 in the United States



A 4 percent
 reduction from 2016.



18% water
 reused in our processes

WATER PERFORMANCE BY BUSINESS UNIT

| | Consumption (m ³) | Treatment | Discharge |
|----------------------|-------------------------------|------------|------------|
| Architectural Glass | 25% | 7% | 32% |
| Automotive Glass | 6% | 13% | 43% |
| Industria del ALCALI | 66% | 74% | 37% |
| FAMA | 1% | 0% | 92% |
| Containers | 3% | 6% | 35% |
| Total | 6,170,553 | 51% | 37% |

We will seek to standardize best practices in our operations to achieve our energy savings goals, so we can operate more eco-efficient projects that lower consumption of energy, particularly of fossil fuels, and reduce our water footprint by identifying the points where actions can be taken to save and use water more efficiently.

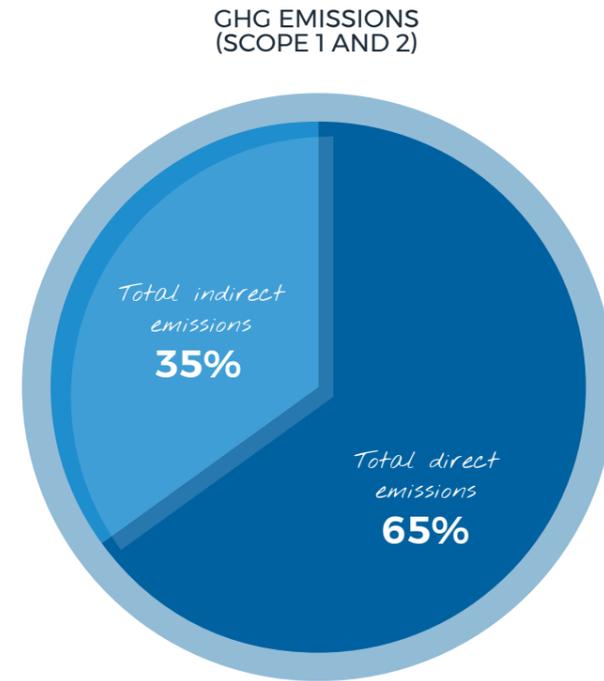
Emissions

GRI: 103-2, 103-3, 305-1, 305-3, 305-5, 305-6, 305-7

One of the primary efforts under way around the world to combat climate change has been to reduce greenhouse gas emissions. The goal is to reduce this emissions to keep temperature changes across the globe to a minimum.

Energy generation and industrial processes are some of the main sources of greenhouse gas emissions. As a Company, we report and verify our greenhouse gas (GHG) emissions in Mexico according to the NMX-SAA-14064-1-IMNC-2007 standard, as part of our environmental strategy. We also apply heating values supplied by the U.S. Environment Protection Agency (EPA).

The emissions of all our operations in Mexico, Brazil, Colombia and our Vitro Architectural Glass operations in the United States totaled 1,706,485 metric tons of CO₂e, which break down as follows:

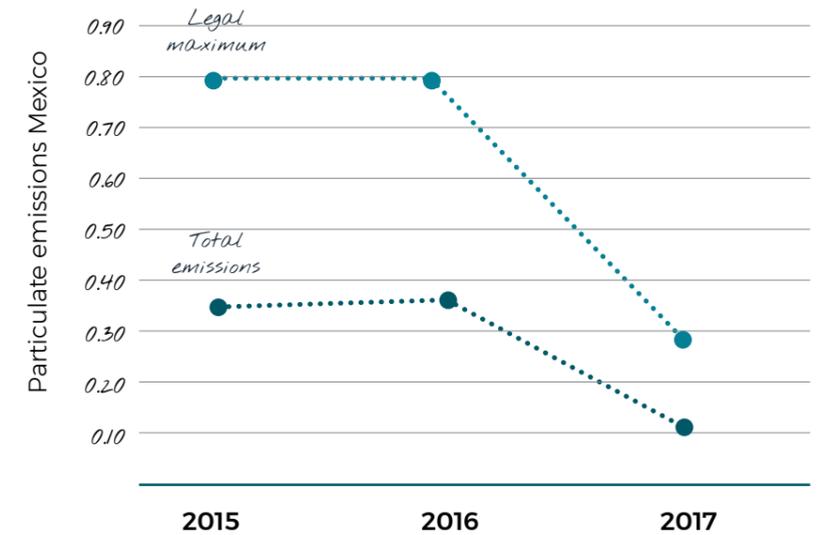


We have developed a Carbon Footprint Management model for our suppliers, in which we selected 40 critical suppliers and trained them in the implementation of emission measurement systems, in order to determine our scope 3 emissions. There is a clear path we have to follow in our strategy of having a value chain consistent with our values and attitudes.

Because of the nature of our production process, our smelting furnaces are the site of high-temperature combustion. This results in the generation of nitrogen oxides (NOx). In 2017, we aligned our strategies with the atmospheric emissions reduction program in an effort to improve process efficiency and productivity. With this, our operations in Mexico reduced NOx emissions by 6 percent from the previous year, and they remain within permissible limits.

We also monitor our particulate emissions. In Mexico we considerably reduced our emissions of suspended particulates through gravimetric measurement. Our emissions are now 61 percent below the maximum permissible limit.

In Mexico we considerably reduced our emissions of suspended particulates through gravimetric measurement



Responsible consumption and production



Climate action



Life on land

The Vitro Automotive Glass plant in Meadville, Pennsylvania is equipped with technology to reduce consumption of non-renewable fuels like natural gas by 15 percent

Waste and recycling

GRI: 103-2, 103-3, 306-1, 306-2

Our production processes and the use of products in our Business Units affect our generation of waste. One of our environmental priorities is the appropriate disposal of waste and recycling of materials in order to make the most efficient use possible of all resources.

In our operations in the United States, one of our central emissions control programs is being carried out at the Vitro Automotive Glass plant in Meadville, Pennsylvania, which is equipped with technology to reduce consumption of non-renewable fuels like natural gas by 15 percent, meaning a 10 percent reduction in carbon emissions and a reduction of more than 50 percent in NOx emissions compared to traditional air- or gas-fed ovens.

For a number of years we have operated a Comprehensive Waste Management program, by which we classify hazardous and non-hazardous waste. These results cover our operations in Mexico, Brazil, Colombia, and Vitro Architectural Glass in the United States. In 2017, we generated more than 66,000 metric tons of non-hazardous waste and 7,000 metric tons of hazardous waste.

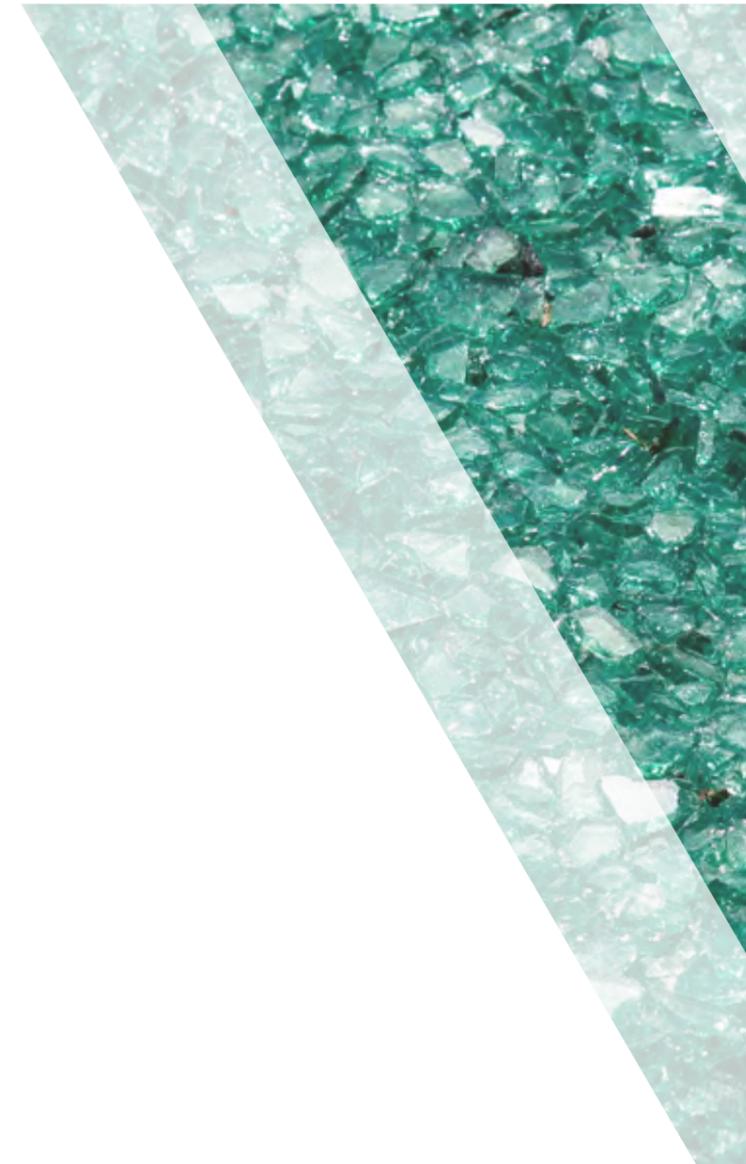
We are committed to guaranteeing that our products are designed, manufactured, sold and distributed, and our services provided, in a responsible way, protecting employees, clients, the public and the environment; and to using increasingly efficient processes that reduce our impact through emissions.

Non-hazardous waste 2017

86,066,925,000 
metric tons

Hazardous waste 2017

 **7,077,000** metric tons



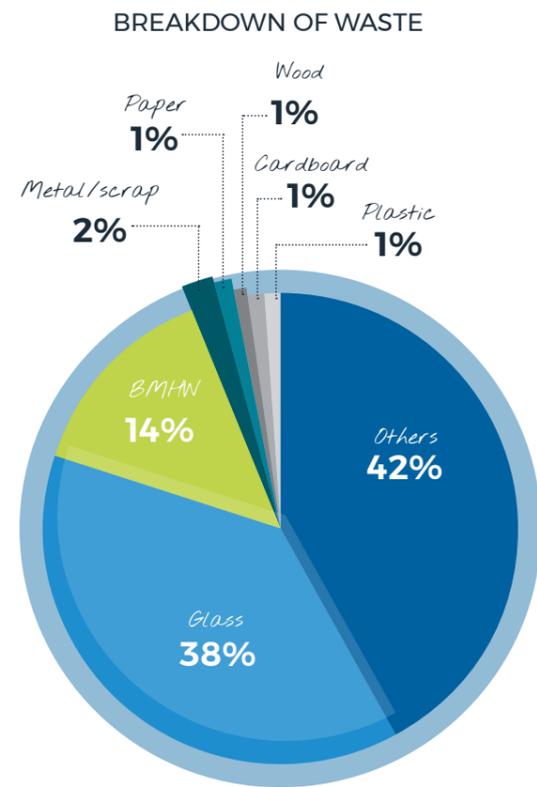
Responsible consumption and production



Climate action

Furthermore, we send waste such as paper, cardboard, plastic and metal to external suppliers for recycling, making sure we send as little waste as possible to landfills. Thirty-seven percent of our non-hazardous waste went to landfills in 2017, including non-recyclable glass waste (others) and solid non-hazardous waste (SNHW).

Forty-six percent of our waste is composed of glass which is reincorporated into the process as a raw material in all our glass melting operations. We also succeeded in reducing paper waste by 12 percent through programs like Green Office. And we lowered wood waste by 55 percent and biomedical hazardous waste (BMHW) by 66 percent, reducing the amount that goes to final confinement.



Much of our non-hazardous waste consists of glass. Our production process involves a series of inputs to the smelting oven, whether of raw material, internal cullet (waste from our processes), and in the case of flat glass production in Mexico, external cullet from almost 100 different suppliers.

Our internal and external recycling process has three main advantages:

1. Lower volume of raw materials going in to the smelting oven, a 1:1.1 ratio, compared to processes that contain only virgin raw material.
2. Greater process efficiency, because the recycled material we use requires lower temperatures for processing.
3. Reduced cost for purchasing raw materials. Recycled raw material costs 1.5 times less than virgin raw material.

We advanced our recycling target by 4% in 2017. We collect material through truck loading hoppers and roll-off systems, in 12 states of Mexico and in California and Arizona in the United States.

In 2017, we recycled  **97,433 metric tons** of glass with external sources  **592 metric tons** more than in 2016

 For every metric ton of glass recycled,

190 Kg less of mining waste is produced

4 Kg of various atmospheric contaminants.

Equivalent to relieving final waste disposal by a total of **15,801 m³**

For every metric ton of glass recycled, we save energy equivalent to  **136 liters of oil.**



We send waste such as paper, cardboard, plastic and metal to external suppliers for recycling



We reduced wood waste by 55 percent and hazardous biological/infectious waste by 66 percent.

Collected waste material is sent to our collection centers in Mexico and then through a process to remove contaminants from the glass through a ceramic detector. It is then ground and passed on to the float furnaces.

We bet on technology as our main strategy for process improvement, we have ceramic detecting equipment, deplasticizers, glass granulometry mills, and others. We are the only company in Mexico that recycles windshields, and in Mexico we have a proportion of cullet to melted glass of 0.37; in our furnaces in the United States, 0.28.

We are certain that recycling is not only the best way to ensure top process efficiency, but part of a virtuous circle in which the recovery of our waste becomes a competitive advantage for the Company. We will continue seeking out best processes in tune with our sustainability target. In 2018, we will begin building an automotive glass plant in Mexicali and we will continue to analyze the advantages of recycling from external sources in our operations outside of Mexico.

Ecosystem conservation

GRI: 103-2, 103-2, 304-2, 304-3, 304-4

In addition to the actions we take in our operations to improve climate change and environmental conditions, we propose external projects and initiatives to encourage conservation of our ecosystems.

In 1996, thanks to the initiative and genuine concern for the environment of Adrián Sada Treviño, the *Organización de la Vida Silvestre* (OVIS) was founded, dedicated to the work of conserving ecosystems and wildlife.

Today, OVIS has the support of various public and private organizations in Mexico and abroad. Vitro has supported several natural protected areas since this non-profit organization was founded:



La Mesa
in Nuevo León

Recovery of the
Mexican grey wolf
White-tailed deer



Los Ébanos
in Tamaulipas

+800 hectares
of reserve in Tamaulipas
for wetlands restoration
and management.



El Plomito
in Sonora

Reproducing in semi-captivity
Bighorn sheep

Reproducing
Semi-desert flora



El Carmen
in Baja California

Preservation of the
Bighorn sheep



Clean Water and Sanitation



Climate action



Life on land



The organization works to protect critically endangered, endangered, vulnerable, near threatened and minor concern species

The reserves are located in Baja California Sur, Campeche, Nuevo León, Tamaulipas and Sonora, and encompass eight wildlife conservation, management and sustainable cultivation units, where efforts are under way to conserve wildlife.

The organization works to protect critically endangered, endangered, vulnerable, near threatened and minor concern species, according to the following table:

| <i>Species</i> | <i>Number</i> |
|-------------------|---------------|
| <i>Plants</i> | 567 |
| <i>Amphibians</i> | 14 |
| <i>Reptiles</i> | 83 |
| <i>Birds</i> | 449 |
| <i>Mammals</i> | 106 |
| <i>Fish</i> | 36 |
| <i>Crustacean</i> | 47 |
| Total | 1302 |

Some of the protected species in these reserves include the white tortoise, tapir, spider monkey, Kangaroo rat, peregrine falcon, ocelot, black mangrove, and others.

Some of the protected species in these reserves include the white tortoise, tapir, spider monkey, kangaroo rat, peregrine falcon, ocelot, black mangrove, and others. The organization will continue focusing its effort on the protection of more than 1,200 wildlife species.

We also operate *Vitro Parque el Manzano*, which began operations in 1972, located in the Eastern Sierra Madre of Nuevo León. It covers 585 hectares of oak and pine forest, and provides a recreational area for Vitro employees and their families, as well as the community at large.

At the same time, the company supports programs to protect parks and natural reserves, to prevent fires and pests within the park and neighboring areas. Park personnel give awareness-raising talks to visitors about care for native fauna, because it is home to species like the white-tailed deer, the wild turkey, squirrels, red-tailed foxes, black bears, and others.

The entrance fees for the park are channeled to forestry management and care activities and improving the park's infrastructure. In 2017 work was completed on roofing the grills outside cabins, and more than 100 hectares of parkland were maintained.



The company supports programs to protect parks and natural reserves, to prevent fires and pests within the park and neighboring areas.



The entrance fees for the park are channeled to forestry management and care activities and improving the park's infrastructure.



Vitro Parque el Manzano facts



585 hectares of land



64,419 visitors a year



23 percent of visitors are Vitro employees, family or friends

Naturalmente Vitro

Since 2007, in partnership with OVIS, we have organized an adoption campaign to show our commitment to biodiversity and support the battle against climate change. Since its founding, the program has steadily grown in scope to all Vitro plants in Latin America and finally to other companies. Today, we know this program as *Naturalmente Vitro*.

The program was the starting point for the NOW! Reforestation Alliance, which today has more than 26 partners promoting restoration of parks and gardens, and aims to improve quality of life in Mexican cities through planning, creation and preservation of such spaces.

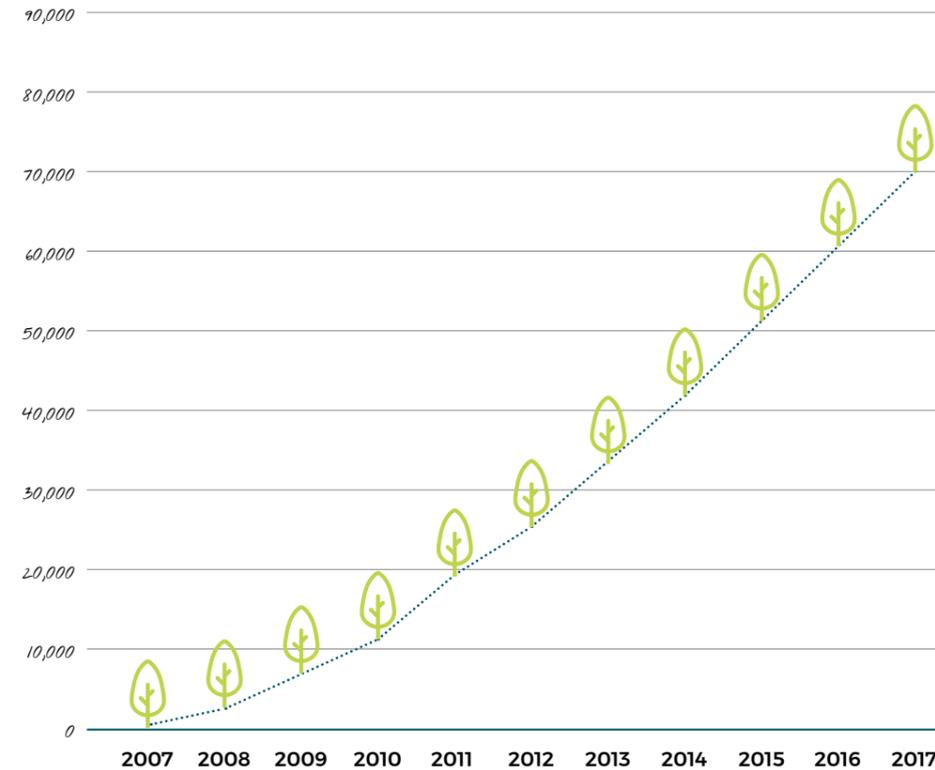
In 2017, we brought about the adoption of 8,024 trees and introduced new ways for more than 500 employees and their families to work on reforesting

parks, restoring schools and natural protected areas. In all, six events were organized in four municipalities where the Company operates: Toluca, García, Monterrey and Mexicali.

Because we understand that sustainability means meeting the needs of the current generation without sacrificing the capacities and resources of future generations, Vitro will continue to create sustainable investment through our urban reforestation campaign.

Ten years after the founding of *Naturalmente Vitro*, the Company is proud to report the planting of 77,479 trees in 32 cities of Latin America, and more than 3,500 beneficiaries from adopting those trees.

VITRO TREE ADOPTION AND REFORESTATION



Tree adoption days in 25 states of Mexico

Environmental services: Water provision, carbon capture, oxygen generation, soil recovery, and others.

Estimated 86% survival rate of trees adopted and reforested

Estimated more than 1,100Kg of carbon captured by environmental services

Most abundant species in the 2017 campaign: *Cupressus lusitanica*, Known as Cedro de San Juan (Mexican white cedar).

435% increase in the number of trees adopted since the first year of *Naturalmente Vitro*





*Responsible
Corporate
Management*

Corporate governance, committees and structure

GRI: 102-18, 102-19, 102-20, 102-22, 102-23, 102-24, 405-2

Since its inception, Vitro has taken a strong stance in favor of transparency, equity and accountability toward its shareholders, board members, employees, and other stakeholders. We understand that transparency and reliability in all of our processes and policies is essential to proper operation and management of the company.

To ensure that our operating practices go above and beyond what is required of us, we adhere to national and international principles. Vitro complies with the provisions and regulations applicable to companies listed on the Mexican Stock Exchange, focusing on the long-term endurance of the business and on meeting the commitments and expectations of all of our stakeholders.

The highest governance body at Vitro is its Board of Directors. The Board is responsible for establishing policies, guidelines and strategies for leading the business on the path of Responsible Corporate Management. The priority in 2017 was to continue the process of assembling our teams across the globe.

The Board has 12 members, 5 of them independent. This is above the percentage required by Mexican law, and the process to qualify as an independent board member is stricter than what is established in the Mexican Securities Market Act.

Board of Directors:

Adrián Sada González (1944)

Member since 1984

Chairman of the Board of Directors

Chairman of the Chairmanship Committee Board
Member of Alfa, Cydsa, Consejo Mexicano de Negocios (CMN) and Grupo de Industriales de Nuevo León.

Álvaro Fernández Garza (1968)

Member since 2011

Chief Executive Officer and member of the boards of directors of ALFA, Cydsa and Grupo Aeroportuario del Pacífico, Grupo Citibanamex, the Museum of Contemporary Art of Monterrey (MARCO), and member of the Latin-American Council of the University of Georgetown. Mr. Fernández also is the President of the University of Monterrey.

Tomás González Sada (1943)

Member since 1980

Chairman of the Board and Chief Executive Officer of Cydsa, Mr. González is also Vice President of the Mexican Institute for Competitiveness (IMCO), Honorary Consul of Japan in Monterrey, Mexico. Additionally, he is a member of the Regional Council of the Bank of Mexico (Central Bank), Business Round Table (CMN), Grupo de Empresarios of Nuevo León and member of the Board of Trustees of Cáritas de Monterrey and Treasurer of the Foundation.

Mario Laborín Gómez (1952)

Member since 2010

President of ABC Holding, Mr. Laborín was previously CEO of Bancomext, Nacional Financiera and Bancomer, president of Casa de Bolsa Bancomer, and founding president/chairman of Mexder, as well as co-founder and general director of Grupo Vector. He has served as a member of the boards of directors of TV Azteca, Cervecería Cuauhtémoc, Mexican Maritime Transportation, Bancomer, Mexican Stock Exchange, Mexder, Indeval, Xignux, Megacable, Cydsa, Astrum México, Banco de México Nuevo León, Gruma and AXA Seguros.

16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



Peace and Justice
Strong Institutions

David Martínez Guzmán (1957)

Member since 2013

President and Special Counsel for Fintech Advisory, Inc. and member of the Board of Directors of ALFA, Sabadell Banc and CEMEX.

Ricardo Guajardo Touché (1948)

Member since 2013

Chairman of the board of Solfi and member of the boards of directors of BBVA Bancomer, Valores de Monterrey, Bimbo, Liverpool, ALFA, Grupo Aeroportuario del Sureste, Coppel and Coca-Cola FEMSA. Mr. Guajardo also was a member of the International Advisory Committee of the Federal Reserve Bank of New York. He has held various executive positions in companies such as BBVA Bancomer, Valores de Monterrey, FEMSA and Grupo AXA.

Guillermo Ortiz Martínez (1948)

Member since 2010

Chairman of the board of directors of BTG Pactual, Casa de Bolsa Mexico, Per Jacobsson foundation, as well as founder and chairman of Guillermo Ortiz y Asociados, Mr. Ortiz also is a member of the Group of Thirty and the boards of directors of Bombardier, Grupo Aeroportuario del Sureste, Mexichem and Weatherford International LTD. He has served as

chairman of the board of the Bank for International Settlements, governor of the Bank of Mexico and secretary of Finance and Public Credit. He also has served as president of the External Review Panel of the Management of Risk Management of the International Monetary Fund and as executive director of the International Monetary Fund.

Ricardo Martín Bringas (1960)

Member since 2007

Chairman of the Corporate Practices Committee Chief Executive Officer and a member of the board of directors of Organización Soriana, Mr. Martín also is a member of the boards of directors of Teléfonos de México, Grupo Financiero Banamex, MADISA, Mexican Council of Businessmen (CMN), Grupo de Empresarios de Nuevo León and the National Association of Self-Service and Department Stores (ANTAD). He also is chairman of the board of the Maternal and Child Regional Hospital.

Jaime Rico Garza (1957)

Member since 2008

Director and Chairman of the Board of Vitro Europa and Vitro Global, as well as member of the Board of Directors of Vitro Cristalglass and Director of Vitro Cristalgalss (2007-2012).

Adrian Sada Cueva (1975)

Member since 2010

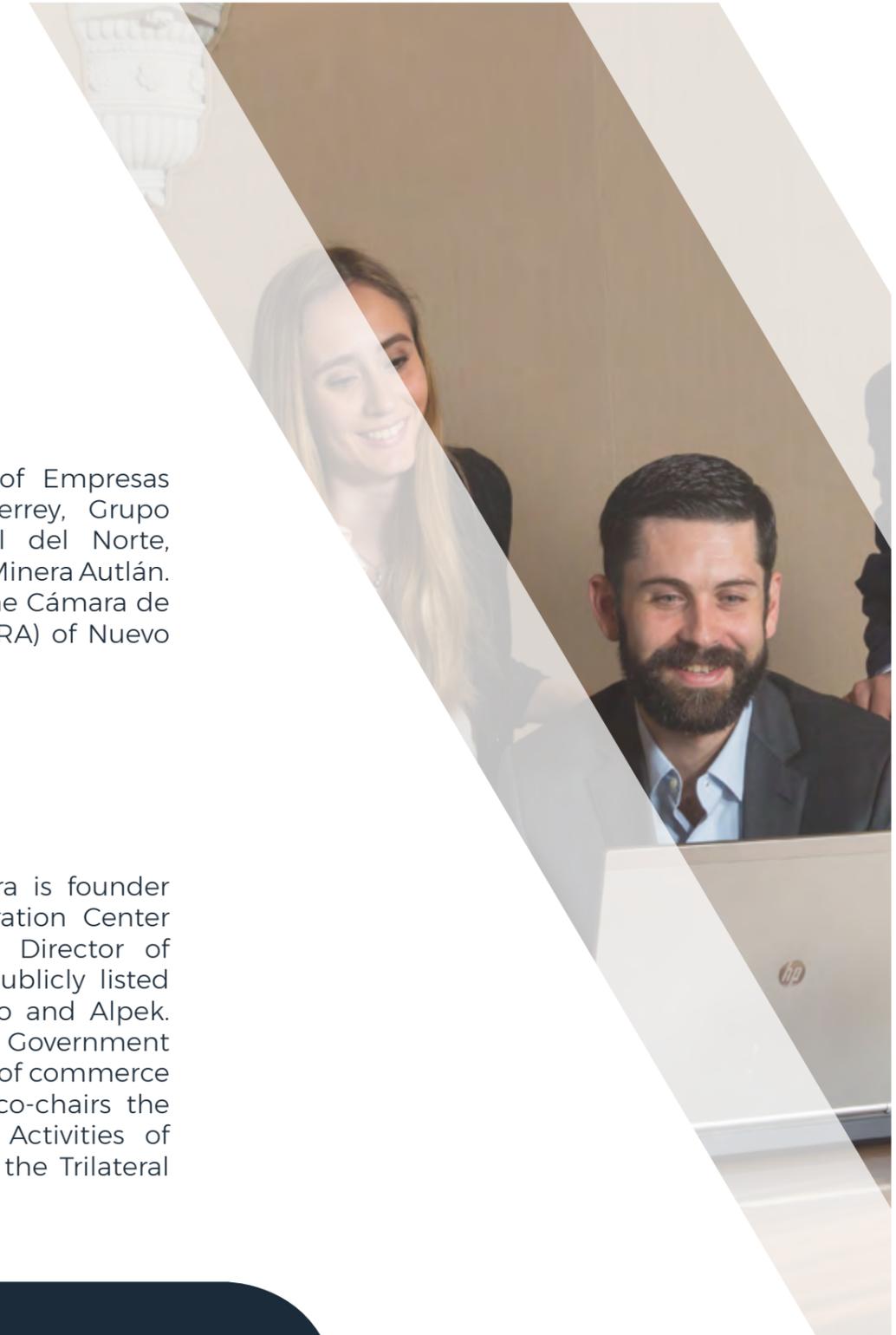
Executive Chief Executive Officer

Member of the Board of Directors of Empresas Comegua, Club Industrial de Monterrey, Grupo Financiero Banorte, Banco Mercantil del Norte, Universidad de Monterrey, Nemark and Minera Autlán. Member of the Board of Directors of the Cámara de la Industria de Transformación (CAINTRA) of Nuevo León.

Jaime Serra Puche (1951)

Member since 1998

President of SAI Consultores, Mr. Serra is founder of Aklara (Electronic Auctions), Arbitration Center of Mexico (CAM). He also is board Director of BBVA Bancomer and the following publicly listed companies: Mexico Fund, Tenaris, Vitro and Alpek. He served as an official of the Mexican Government as undersecretary of revenue, secretary of commerce and secretary of the treasury. He is co-chairs the President's Council on International Activities of Yale University, as well as a trustee of the Trilateral Commission.





Joaquín Vargas Guajardo (1954)

Member since 2000

Chairman of the Audit Committee

Chairman of the Board of Directors of Grupo MVS and Chairman of the Board of Directors of Grupo CMR. Member of the Board of Directors of Grupo Financiero Santander, Grupo Costamex, El Universal, Grupo Aeroportuario del Pacífico and Médica Sur. Has been Chairman of the Board of Directors of the Cámara Nacional de la Industria de Radio y Televisión (2000-2001), Chairman of the Asociación Mexicana de Restaurantes (1985-1987) and Chairman of the Asociación de Directores de Cadenas de Restaurantes (1989).

Alejandro F. Sánchez Mújica (1954)

Member since 1980

Secretary of the Board since 2007

He has been the General Legal Manager of Indeval, General Counsel of a Division of Grupo Kuo, General Counsel of Pulsar Internacional / Savia, Vice President and General Counsel of Vitro and currently he is a Senior Counsel at the law firm of Thompson & Knight. He has been a member and Secretary of the Board of Directors of several Mexican and foreign corporations and currently he is a member of the Private Charity Board for the State of Nuevo León. Attorney at law from the Escuela Libre de Derecho and holds Masters Degrees from the University of Texas at Austin.

To ensure responsible corporate management, the Board of Directors is supported by three committees, which are in charge of its compliance with internal and external provisions applicable to the Company. These committees are:

1. Audit Committee: Responsible for overseeing that the duties of internal and external auditing are carried out responsibly, and ensuring that the financial information presented is reliable, sufficient and transparent.

Chairman: Joaquín Vargas Guajardo *
 Guillermo Ortiz Martínez *
 Jaime Serra Puche *
 Jonathan Davis Arzac**
 Secretary: Claudio L. Del Valle Cabello ***

2. Corporate Practices Committee: Has the authority to oversee compliance with our sustainability principles and business conduct, and to monitor the size and composition of the Board of Directors and overall compensation of the Chairman and the Executive CEO.

Chairman: Ricardo Martín Bringas *
 Joaquín Vargas Guajardo*
 Guillermo Ortiz Martínez *
 Mario Martín Laborín Gómez*
 Secretary: Alejandro F. Sánchez Mújica***

3. Chairmanship Committee: In charge of advising and following up on strategic projects of the Executive Chief Executive Officer.

Chairman: Adrián Sada González
 Adrián Sada Cueva
 Secretary: Claudio L. Del Valle Cabello ***

* Independent Board Member
 ** Non Member Financial Expert
 *** Non Member Secretary

Each year, the activities of these committees are evaluated in the General Annual Shareholders' Meeting, which takes into account stakeholders and business needs, with an ongoing commitment to transparent administration consistent with Vitro's economic, social and environmental principles.

The process of delegating economic, social and environmental issues is conducted through the Human Development and Continuous Improvement and Administration and Finance platforms. In 2017, we continued the process of restructuring the Sustainability Committee, which was created in 2012 and serves as a tool for management and decision-making on sustainable development at the highest levels of our organization, in line with Vitro's Sustainability model.

Code of Conduct and Business Ethics

GRI: 103-2, 13-3, 414-2, 419-1

We firmly believe that to ensure the future of the business and correctly integrate operations, we need a solid basis of ethics and legality, and with this in mind we have devoted ourselves to training, disseminating, reviewing and renewing our policies at both the institutional and operating level.

Our Code of Business Conduct and Ethics is a set of rules that applies to all our operations, and we are continually updating this Code in order to standardize, adjust and prioritize the necessary practices for all our stakeholders in the various environments in which we operate.

The Code is signed by the Audit Committee, which certifies that 100 percent of our board members and employees have received training on this topic (see Training section). Our business partners are also required to sign and respect the document in order to be a part of our processes.

We firmly believe that to ensure the future of the business and correctly integrate operations, we need a solid basis of ethics and legality.

The Code deals with aspects such as:

- Abiding by the policies, laws, rules and regulations
- Conflicts of interest
- Use of inside information
- Confidentiality and proprietary information
- Fair and honest dealings with clients, vendors, competition and employees
- Non-competition restrictions
- Money-laundering
- Environmental care
- Protection and use of company assets
- Precise record-keeping
- Discrimination and harassment
- Health and Safety
- Bribery, gratuities and contributions

The code is approved by the Audit Committee and the Board of Directors of Vitro. It is our intent that the actions of our employees, vendors and clients are grounded in principles that go beyond what the law dictates, and are guided by the same attitude of honesty and integrity that the Company has always espoused.

One hundred percent of our processes are evaluated for the risk of corruption, unfair competition or anti-competitive practices. The results are presented in the section on our Whistleblower System. Furthermore, in 2017 we received no significant fine as a result of lawsuits regarding such topics. Vitro believes it is important to keep close track of these issues and we will continue to work on criteria for evaluating risk in all of our operations.

You can view our Code of Conduct and Business Ethics at



Whistleblower System

GRI: 102-17, 103-2, 103-3, 205-1, 205-2, 205-3, 206-1, 307-1, 308-2, 406-1, 408-1, 409-1, 411-1, 415-1, 416-1, 416-2, 417-2, 418-1

One of the mechanisms we have for ensuring compliance with the Code of Ethics is our anonymous whistleblower system, through which anyone can report breaches of our values as a Company in any of our operations.

The platform helps us identify where in our operations there may be a risk of corruption discrimination, violation of rights, lack of protection of confidential information, unfair competition, a negative impact on our communities and the environment, and others.

The system is administered by an independent firm, Navex Global, and is available 24/7 to any of our stakeholders. There is a phone hotline and website in Spanish and English, covering 100 percent of the countries where we operate and where our products and services are sold.

The whistleblower system is completely anonymous, and can be accessed in two ways: by phone or on the webpage <https://watcher.alertline.com/gcs/welcome>

CONTACT NUMBERS

International Toll-Free Whistleblower Hotline numbers

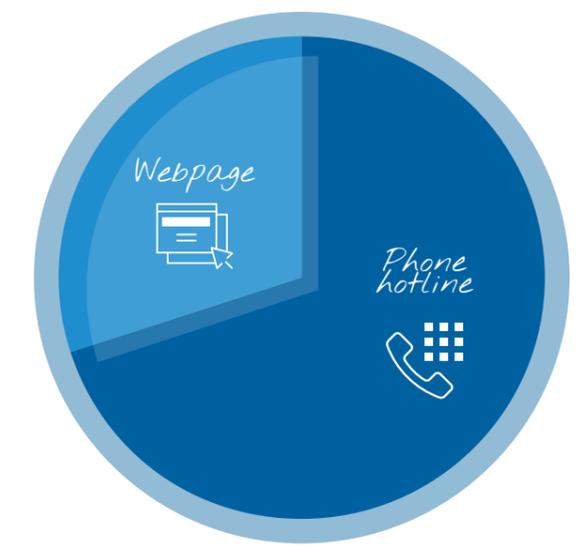
| | |
|---|---------------------------------------|
|  Mexico | 001-800-658-5454 / 01-800-288-2872 |
|  Colombia | 01-800-911-0011 |
|  United States | 877-780-9370 |

 When you hear the operator's recording, dial any of the phone numbers of the Whistleblower's Hotline.

877-532-5823 **877-780-9370**

 For other countries, visit:
<http://www.business.att.com/bt/tollfree.jsp>

WHISTLEBLOWER SYSTEM RESULTS



5 GENDER EQUALITY

 Gender equality

8 DECENT WORK AND ECONOMIC GROWTH

 Decent labor and economic growth

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

 Peace and Justice Strong Institutions

Reports by type

2017

| | |
|--|-----|
| <i>Gifts, Bribes or Kickbacks</i> | 11% |
| <i>Abuse of authority/Workplace harassment</i> | 37% |
| <i>Diversity, equal opportunities and discrimination</i> | 17% |
| <i>Labor relations</i> | 11% |
| <i>Lack of discipline</i> | 6% |
| <i>Recommendations and areas of opportunity</i> | 10% |
| <i>Others</i> | 8% |

Reports by priority level

2017

| | |
|---|-----|
| <i>A. Reports requiring immediate review and/or action due to an accusation or immediate threat against a person, property or workplace</i> | 0 |
| <i>B. Reports of urgent information that require immediate review or action</i> | 9% |
| <i>C. Reports that may not require immediate action on the part of the company</i> | 91% |

Reports by source

2017

| | |
|------------------|-----|
| <i>Clients</i> | 1% |
| <i>Vendors</i> | 3% |
| <i>Employees</i> | 82% |
| <i>External</i> | 14% |

In 2017, we received 71 complaints. This is a 34% increase over the preceding year, which shows growing confidence in the platform and a stronger knowledge of our policies, regulations, guidelines and responsible corporate management that we at Vitro promote every day.

The process of following up on these complaints is the responsibility of the Finance and Treasury area, which evaluates cases by level of priority. In 2017, we had 6 complaints requiring immediate action. After this analysis, the area mentioned in the complaint was contacted and an internal audit carried out to develop a plan to repair and correct the problem as needed. Corrective actions ranged from training or admonishment to termination of the contract.

Note that we received no reports of indigenous rights violations or the loss of client data. Also important is that Vitro has always maintained a policy of not involving itself in political activity, and the company makes no financial or product donations to political parties or groups anywhere we operate.

We are committed to strengthening communication channels, and in proven cases of violation we shorten response times and analyze each matter according to the nature of the risk. We will continue working on communication, publicizing and promoting our values as a Company and promoting the whistleblower system for our stakeholders everywhere we operate.

We also intend to work on strengthening our operations in order to maintain our leadership position in the market in which we participate. The result of the initiatives and actions discussed in this report underscore Vitro's commitment to contributing to community development, minimizing our environmental impact, and having a positive impact on the development of our employees, clients, suppliers, shareholders and the community at large.



GRI Content Index

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| 103-2 | Management approach and its components | 144 | |
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| GRI 205: ANTICORRUPTION 2016 | | | |
| 205-1 | Operations assessed for risks related to corruption | 144 | |
| 205-2 | Communication and training about anti-corruption policies and procedures | 91 | DR: In 2017, 10,039 hours were invested in training of our Code of Conduct and Ethics. It represents 2 percent of the total training. |
| 205-3 | Confirmed incidents of corruption and actions taken | 144 | |
| GRI 415: PUBLIC POLICY 2016 | | | |
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| GRI 412: HUMAN RIGHTS ASSESSMENT | | | |
| 412-2 | Employee training on human rights policies or procedures | 91 | |
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| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 80 | |
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| GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016 | | | |
| 403-1 | Workers representation in formal joint management-worker health and safety committees | 94 | |
| 403-2 | Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities or illness | 94 | O: Information not available. No table is presented by gender. |
| 403-3 | Workers with high incidence or high risk of diseases related to their occupation | 94 | |
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| 405-2 | Ratio of basic salary and remuneration of women to men | 136 | |
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| 103-2 | Management approach and its components | 144 | |
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| 103-1 | Explanation of the material topic and its Boundary | 37 | |
| 103-2 | Management approach and its components | 55 | |
| 103-3 | Evaluation of Management approach | 55 | |
| GRI 401: MATERIALS 2016 | | | |
| 301-1 | Materials used by weight or volume | 55 | O: Information not available. We continue working on consolidating the total weight and volume of materials used to produce and package our products. |

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| 103-3 | Evaluation of Management approach | 142 | |
| GRI 414: SUPPLIER SOCIAL ASSESSMENT | | | |
| 414-1 | New suppliers that were screened using social criteria | 58 | O: Information not available. We continue working on consolidating supplier social assessment. |
| 414-2 | Negative social impacts in the supply chain and actions taken | 144 | |
| GRI 419: SOCIOECONOMIC COMPLIANCE | | | |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | | DR: In 2017, there were no fines derived from laws and regulations in the social and economic area. |
| GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT | | | |
| 308-2 | Negative environmental impacts in the supply chain and actions taken | 144 | |

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| 103-1 | Explanation of the material topic and its Boundary | 37 | |
| 103-2 | Management approach and its components | 126 | |
| 103-3 | Evaluation of Management approach | 126 | |
| GRI 304: BIODIVERSITY 2016 | | | |
| 304-2 | Significant impacts of activities, products, and services on biodiversity | 126 | |
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| 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by operations | 16 | |



Independent Verification Letter of the Sustainable Development Report "Integration for excellence" Vitro, 2017

To the readers of the report and stakeholders of Vitro, S.A.B. of C.V:

You are informed that Redes Sociales carried out the independent and impartial verification of the Sustainable Development Report "Integration for excellence" Vitro, 2017.

Scope: A limited verification of the content of this report was developed by the methodological compliance's authentication of the Company's material issues in accordance with Global Reporting Initiative (GRI) << of compliance >> essential option. The correct application of all the contents stated in the GRI index table were reviewed and the veracity, traceability and reliability of the following contents was corroborated: 102-2, 102-15, 102-7, 102-17, 102-18, 102-20, 102-22, 205-1, 205-2, 206-1, 301-1, 302-1, 303-3, 304-2, 305-1, 307-1, 401-1, 401-3, 403-1, 403-2, 404-1, 405-1, 406-1, 408-1, 412-2, 414-1, 416-2, 418,1, 417-2.

Activities: Our verification process covered the following activities: understanding the information management processes, qualitative and quantitative information verification, analyzing visual, documentary and electronic evidence from a sample of indicators and comparison of reports from past years.

Responsibilities: Vitro is responsible for the preparation and presentation of the report. Our commitment is to issue objective opinions of the disseminated content taking as reference: Ethical Principles of Independence of ISAE 3000; and The external assurance of sustainability reporting of GRI.

Conclusion: We did not find any factor that makes us determine that the data presented in the Sustainable Development Report, Vitro 2017 contain any mistakes and that they do not fulfill the principles of precision, clarity and reliability and that the content of the report does not comply with the GRI methodology.

Recommendations: An internal report, exclusive for the client, is given, with a resumen of the improvements detected for future reports.



Alma Paulina Garduño Arellano

Redes Sociales en Línea Timberlan S.A. de C.V

contacto@redsociales.com

T. (55) 54 46 74 84

Declaration of independence and competence of Redes Sociales LT

Redes Sociales employees have the level of competence necessary to verify the compliance with standards used in the preparation of Sustainability Reports, so they can issue a professional opinion of non-financial information reports, complying with the principles of independence, integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. In no case our declaration of verification can be understood as an audit report and therefore no responsibility is assumed for the systems and processes of management and internal control from which the information is obtained. This Letter of Verification is issued on May, 30th two thousand and eighteen and is valid as long as there are no subsequent and substantial modifications to the Sustainable Development Report, Vitro, 2017.

10 years of Vitro Sustainable Development Reports

Read more about us!



Contact and information

Diana Tamayo Pichardo

Social Responsibility and Sustainability

Gerardo Lozano

Strategic Planning

We welcome your comments about the content of this report at:

social@vitro.com, or at our corporate headquarters located at:

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For more information, visit:

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