



# COMMERCIAL METALS COMPANY

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2017-2018 SUSTAINABILITY REPORT

## About this Report

This Sustainability Highlights Report provides information on the most relevant environmental, social and governance topics for our business. This report provides an overview of our sustainability strategy, how we identify and assess emerging sustainability issues, and the progress we are making on our priority sustainability topics.

### REPORT SCOPE & BOUNDARY

This report covers key activities from our 2017 and 2018 fiscal years, which began in September 2016 and ended in August 2018. The highlights and key performance metrics presented in this report are from FY17 and 18, except for our environmental performance data, which is collected and managed on a calendar year basis. Unless otherwise shown, we are reporting data and information from our global enterprise, which includes our recycling, mills and fabrication business segments. This report does not include our acquisition of 33 rebar fabrication facilities in the U.S. that occurred in November 2018, as well as steel mills located in Knoxville, Tennessee; Jacksonville, Florida; Sayreville, New Jersey and Rancho Cucamonga, California, also acquired from Gerdau S.A. in November 2018 (NYSE: GGB). These locations will be covered in our next report. All financial information is presented in U.S. dollars unless otherwise noted.

### DEFINING REPORT CONTENT

Information provided in this report is targeted at our key stakeholders, whom we've identified as our customers, employees, communities and shareholders. This report covers the sustainability topics that are most important to those stakeholders and have the most impact on our company, and it complements our financial reporting. We include several General and Topic-Specific Disclosures from the Global Reporting Initiative (GRI) Reporting Standards, but we are not claiming to report in accordance with those Standards. A GRI Content Index is provided at the back of this report to help stakeholders find information relevant to their needs. We are committed to issuing sustainability updates on a biennial basis to show our progress.

### RESTATEMENTS

The data collected for this report has been gathered using robust systems and tools that help manage our reporting process. Continuous improvement of our data collection and analysis processes is an ongoing focus for CMC. The one adjustment we have made this year is to our percent of recycled input materials in 2014. Previous reports listed the figure as 96.7%, using updated data the number is recalculated to 95.6%.

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**Our Guiding Principles are our core beliefs. They form the strong foundation on which we build present and future success. They are the bond that links us together as ONE TEAM, and they are critically important to sustain our company through the years ahead.**

### WHO WE ARE

CMC is a global metals company committed to delivering industry-leading customer service, providing an environment where our employees can succeed, improving our communities and creating value for our investors.

### WHAT WE DO

**Place the customer at the core of all we do.** We believe that if we focus on meeting the needs of our customers, we will succeed. We work hard at understanding our customers' needs and providing creative solutions that add value to their businesses.

**Stay committed to our employees.** We care for our employees by providing an environment where safety is our top concern and where employees have the opportunity for both personal and professional growth. We foster a culture that challenges conventional thinking, promotes teamwork, requires accountability and rewards success.

**Give back to our communities.** We take seriously the responsibility that comes with being a good corporate citizen and are dedicated to making a positive impact in our local communities where we live and work.

**Create value for our investors.** We strive to be the strongest company in the metals industry by having a passion for cost efficiency, using our resources effectively and achieving our goal of consistent, profitable growth.

### WHAT WE BELIEVE

Act with integrity by honoring our commitments, being accountable for our actions and acting with respect for others.

Dedicate ourselves to making the safety of our employees a top priority.

Promote collaboration by working together as a team to provide exceptional results.

Encourage excellence by challenging ourselves to improve everything we do.





## A Letter from Our Chairman, President and CEO

At CMC, we have been devoted recyclers since before the term *recycling* even existed. More than a century ago, our company was founded on the sustainable practice of recycling metal. Today, our method of making steel is far more environmentally friendly than traditional blast furnace steelmaking.

In 2017 – 2018, we successfully commissioned new, energy-efficient equipment and state-of-the-art facilities, introduced more sustainable products to the market and remained focused on caring for our employees and improving our communities. We've come a long way, and will continue to strengthen our leadership in the industry, committing to ever more sustainable practices in recycling, manufacturing and fabrication.

As we share these stories with you, we are proud of our accomplishments in sustainability, but always striving to do better.

There is nothing more important in our business than working safely. In 2018, 81 of our sites achieved the goal of having zero OSHA recordables, and through a continued focus on safety training and engaging employees, we achieved the lowest global total recordable incident rate recorded since we began tracking.

Driven by our commitment to a sustainable business, we invested in new, efficient technologies throughout our facilities, and achieved a 5.7 percent reduction in our total energy use in 2018, which directly translates into a lower carbon footprint.

We successfully commissioned the second micromill in the United States in Durant, OK, and proudly dedicated it to making the steel that builds America. Our steelmakers in Oklahoma are shining examples of how we care for the communities where we live and work. In 2018, we were recognized as Durant Area Chamber of Commerce's "Large Business of the Year" and the Durant Main Street "Community Partner of the Year."

We drive progress through product innovation and were the first manufacturer of spooled rebar in the U.S. and first in the world to connect it to a continuous casting process, providing our fabricator customers with a more efficient, less wasteful and safer product for their operations.

We also made advancements in recycling, investing in new technology in Lexington, SC, to reprocess and recover additional metals from previously landfilled material, allowing us to reclaim and recycle material that otherwise would be wasted.

We invested in more sustainable products like ChromX® steel that offers up to a 100-year service-life, so our customers can build bridges and infrastructure that will be there for our children, and our grandchildren.

Guided by a deep commitment to our communities and to our nation's veterans, who have given so much to protect and defend us, we continued our partnership with the Gary Sinise Foundation, sponsoring our fifth specially-adapted smart home that allows a severely wounded veteran to regain self-reliance and mobility.

We recognize that a diverse, productive and inclusive workforce is essential to our continued success. We adopted a new Workplace and Human Rights policy and focused on our visibility as a desirable employer for all ages, genders and ethnicities. Diversity is key at every level of our organization, and in 2018, CMC was named a "Top 25 Company for Diversity in Texas."

From everyone at CMC, we thank you for taking a few moments to learn about our achievements in sustainability and our continued focus on the opportunities we have ahead of us.

Barbara R. Smith

Chairman of the Board, President  
and Chief Executive Officer



# CMC at a Glance

Founded in 1915, we manufacture, recycle and fabricate steel and metal products and related materials and services, through a network of facilities including four electric arc furnace (EAF) mini mills, two EAF micro mills, a rerolling mill, steel fabrication and processing plants, construction-related product warehouses and metal recycling facilities in the United States and Poland.

Our vertical integration business model is unique and has revolutionized how the steel industry operates today. Our EAF micro and mini mill steelmaking processes consume fewer natural resources and release less emissions than alternative blast furnace steelmaking technology.

As a publicly traded company (NYSE: CMC) on the Forbes Fortune 1000 list, our longstanding professionalism and commitment to customer service has been recognized among the best in the industry.

To learn more about who we are and what we do, please refer to our [website](#).



For every ton of steel recycled, we save the use of:

2,500 pounds of iron ore	1,400 pounds of coal	120 pounds of limestone
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By using steel scrap as our primary raw material, we reduce CO<sub>2</sub> emissions by 58% and conserve natural resources.





# Performance Highlights

This table provides a consolidated view of the key performance indicators (KPIs) we use to track our progress over time.

CMC'S KEY SUSTAINABILITY PERFORMANCE INDICATORS	2014	2015	2016	2017	2018
<b>ENVIRONMENTAL STEWARDSHIP</b>					
Tons of metal recycled (short tons)	6,562,351	5,959,152	5,741,881	6,162,409	6,784,015
Recycled content in manufactured finished steel (%) global	95.6	95.6	95.6	95.5	95.5
Production of raw steel (tons)	3,862,857	3,837,374	3,805,618	4,067,660	4,463,810
Raw steel produced from electric arc furnace (EAF) (%)	100	100	100	100	100
Raw steel produced from basic oxygen furnace (BOF) (%)	0	0	0	0	0
Slag recycled (%)	100	100	100	100	100
Baghouse dust/zinc recycled (%)	98	98	98	98	99
Mills energy consumption intensity (GJ/ton)	3.30	3.30	3.29	3.22	3.13
Water recycled (%)	97	96	97	95	95
Scope 1 emissions (MT CO <sub>2</sub> eq emissions/ton)*	0.148	0.154	0.156	0.152	0.139

\*Our Scope 1 emissions address CMC mills only, and calculations include CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O.

CMC'S KEY SUSTAINABILITY PERFORMANCE INDICATORS	2014	2015	2016	2017	2018
<b>GOVERNANCE &amp; ETHICS</b>					
Employees completing code of business conduct training (%)	39	99	99	97	100
Locations with a confidential whistleblowing system (%)	100	100	100	100	100
<b>VALUING OUR PEOPLE</b>					
Total recordable incident rate (incidents per 100 employees)	2.0	2.0	1.5	1.7	1.3
<b>INVESTING IN LOCAL COMMUNITIES</b>					
Charitable spending (U.S. Dollars)	\$460,000	\$683,500	\$621,232	\$567,620	\$594,230
<b>CUSTOMER SERVICE AND PRODUCT RESPONSIBILITY</b>					
Average CMC mill overall customer satisfaction ranking within the Jacobson & Associates Steel Customer Satisfaction Survey*	4.5	4.5	2.5	5.8	5.3

\*Average ranking is derived by taking the average score from the Jacobson survey of our 4 mills that participate. In 2018 our U.S. mills ranked 2, 4, 5 and 10, which averages to a score of 5.3. This ranking is out of 29 mills in the U.S. and Canada.



## Key milestones and achievements in the evolution of our sustainability strategy, demonstrating our commitment to continuous improvement.







# OUR SUSTAINABILITY STRATEGY AND MANAGEMENT APPROACH



Regular review of our priority topics ensures we meet the changing needs of the markets we operate in, as well as changing expectations of our key stakeholders, including our customers, employees, local communities and shareholders.

## IDENTIFYING THE ISSUES THAT MATTER MOST

Our initial sustainability materiality assessment in 2014 helped us identify and formalize the four focus areas that form the basis of our sustainability strategy. We review our priorities each year to validate that we are focusing on not only the right high-level categories of performance, but also prioritizing and investing in the right activities within each of these focus areas. For example, this review in 2018 helped us determine that expectations of some key stakeholders were increasing around our policies, practices and transparency related to diversity. We added this topic to our focus areas and have assessed our baseline performance.

## OUR SUSTAINABILITY FOCUS AREAS

### ENVIRONMENTAL STEWARDSHIP

- Energy & GHG Emissions Reduction
- Circular Economy & Materials Recovery
- Water Stewardship



### COMMITMENT TO OUR PEOPLE

- Health, Safety & Wellness
- Diversity & Inclusion
- Attraction & Retention
- Talent Acquisition
- Performance Management
- Learning & Development
- Total Rewards



### BUSINESS ETHICS

- Ethics & Integrity
- Good Governance
- Values/Guiding Principles



### LOCAL COMMUNITY INVESTMENT & ENGAGEMENT

- Community Engagement
- Charitable Contributions
- Employee Volunteerism



### CUSTOMER SERVICE & PRODUCT RESPONSIBILITY

- Helping Customers Reduce their Environmental Footprints through our Products
- Exceptional Customer Service & Feedback Mechanisms







## MANAGING RISK

The outcomes of the sustainability materiality assessment feed into our enterprise risk management process. CMC's Risk Management Committee meets regularly to discuss and categorize major enterprise risks, including ESG risks, from an operational, ethical, legislative, market, employee workforce or reputational perspective. At each meeting, the team analyzes the top current risks and assesses them in terms of

likelihood, magnitude of impact and possible mitigation factors. The risks identified are reported to the Board of Directors who provide oversight and monitor progress.

At the highest level, our CEO and Executive Leadership Team, reporting to the Board of Directors, are responsible for the day-to-day conduct of our business, including ethical, environmental, social and governance topics. Our Executive Team has reviewed, contributed and approved the contents of this report.

## THE IMPORTANCE OF INTEGRITY

Conducting business ethically, legally, honestly, and with integrity has been, and will continue to be, fundamental to our success. In addition to the core values and beliefs outlined in our Guiding Principles, CMC's Code of Conduct and Business Ethics outlines expected behaviors of all employees, both in terms of how we relate to one another, and in all our business relationships.

All CMC employees are expected to participate in our regular compliance training program and complete a questionnaire following the training. This ethics training questionnaire changes each year and focuses on situational vignettes that encourage

employees to think about how they should respond to specific situations. Participation is tracked and reported to the highest level of the organization.

All CMC employees have access to a confidential, 24-hour Ethics and Compliance hotline, managed by a third-party service provider. Employees are encouraged to use this hotline if they need advice on ethical and lawful behavior, or if they suspect unethical behavior. The General Counsel's office and our Internal Audit Group are alerted immediately to any potential non-compliances and respond to these reports accordingly. The Board of Directors and Executive Leadership Team are updated on relevant reported incidents and their associated outcomes.



**We achieved our goal of having 100% of employees who participated in training complete the ethics questionnaire in 2018.**





CMC Steel Arizona

CMC is committed to conducting business in an environmentally responsible manner. We focus our efforts in three key areas: Improving our energy efficiency; encouraging recycling, recovery and reuse when possible in our processes; and increasing our water reuse and recycling rate. Through ongoing training, sharing of best practices and providing

access to real time data on our environmental KPIs, our employees are empowered to identify opportunities and implement new practices, install new technologies and continuously improve our performance. For more information on our environmental commitments, including our Environmental Policy, visit our [website](#).

### Three Key Areas of Focus

- Improving energy efficiency**
- Increase our water recycling/reuse rate**
- Encouraging recycling, recovery and reuse**



**In FY17-18, our light fixture upgrades resulted in cost savings of over \$345,000/year and energy reductions of 2.9 million kWh/year.**

#### RAISING EFFICIENCY, LOWERING EMISSIONS



Through participation in the U.S. Department of Energy's Better Buildings, Better Plants Initiative, we set a goal to reduce our absolute energy use by 25% by 2023 based on a 2012 baseline. In FY17-18, we realized a 5.7%\* reduction in our energy use through the following investments/changes:

- Reduced the amount of carbon added to the EAF at CMC Steel Alabama's melt shop and improved automation, which reduced our carbon consumption by 21%.
- Replaced CMC Steel Alabama's melt shop air emission control device, which improved particulate air emissions capture efficiency by 94%.

- Replaced continuous speed motors with variable speed motors, which reduce the energy required in our operations.
- Invested over \$800,000 upgrading more than 1,600 light fixtures to energy-efficient LED lighting, resulting in cost savings of over \$345,000/year (average return on investment of ~2.5 years) and energy reductions of 2.9 million kWh/year.

ENERGY EFFICIENCY LIGHTING UPGRADE PROJECTS	FY2017	FY2018
Total Capital Costs	\$197,767	\$639,007
Calculated Energy Reduction (KWh)	844,850	2,120,735
Annual Energy Savings	\$73,191	\$275,032
Average Payback (years)	2.7	2.32


\*Legacy CMC Mills excluding Oklahoma

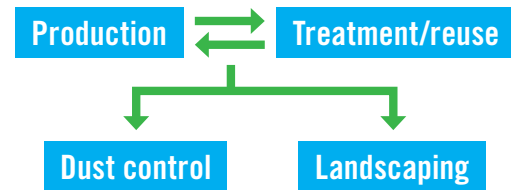


### UTILIZING WATER WISELY

We recognize the need for water stewardship throughout our operations. Access to clean water is a growing concern globally and we understand the impact that water scarcity could have on our business, especially in the southern U.S. where several of our mills are located. We use water in our operations for process cooling, slag quenching, dust control and irrigation.

In FY17-18, we recycled and/or reused more than 95% of the water used in our operations.

 **100%** of the water we bring into CMC Steel Arizona and CMC Steel Texas is fully utilized.



### CHAMPIONS OF ENERGY EFFICIENCY

Energy efficiency is a valuable resource for the Salt River Project (SRP) Utility Company in central Arizona. SRP relies on their customers' energy efficiency efforts to help manage the growth of its peak demand. The Peak Savings Award recognizes the SRP

Business Solutions Program participant and project that delivered the highest peak demand savings of all projects submitted. CMC Steel Arizona reduced the mill's energy need during high-demand times by upgrading equipment and lighting to more energy-efficient solutions.



Left to right: Steven Lopez (SRP), Andy Sarat (CMC), Shaun Nagy (CMC), Travis Nagy (CMC), Edi Figueroa (CMC), Jose Hernandez (CMC), Jonah Roehl (SRP), Scott Stebbing (CMC)

As technology has improved, we have also been able to recover previously landfilled ferrous and nonferrous metals. We celebrated the completion of a new Nonferrous Reclamation Project on May 9, 2018, a plant that is designed to recover nonferrous

material from fluff generated by our own shredders, as well as fluff retrieved from landfills. In FY18 alone, we removed and re-processed more than 80,000 tons of material from the landfill for metals recovery.



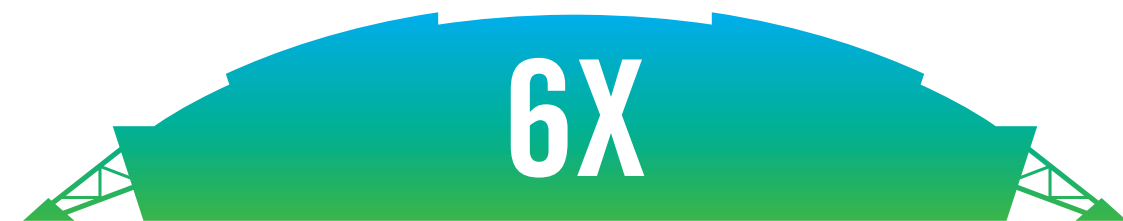
### SERVING A CIRCULAR ECONOMY

Our business is inherently circular: steel is the most recycled material in the world. For over 100 years, we have recycled metal scrap by melting, rolling and integrating the recovered material into new fabricated steel products. As one of the world's largest metal recyclers, our vertically integrated manufacturing processes

save over 657,000,000 cubic feet of landfill space annually.

Many materials produced in our processes are recycled for further use. Since 2014:

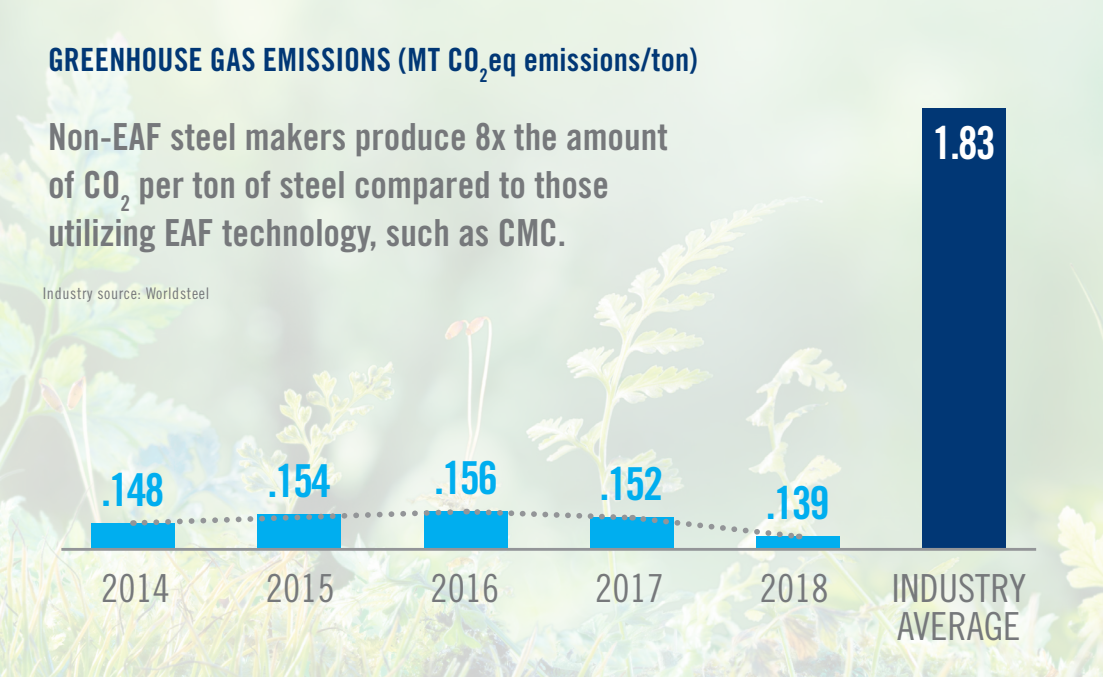
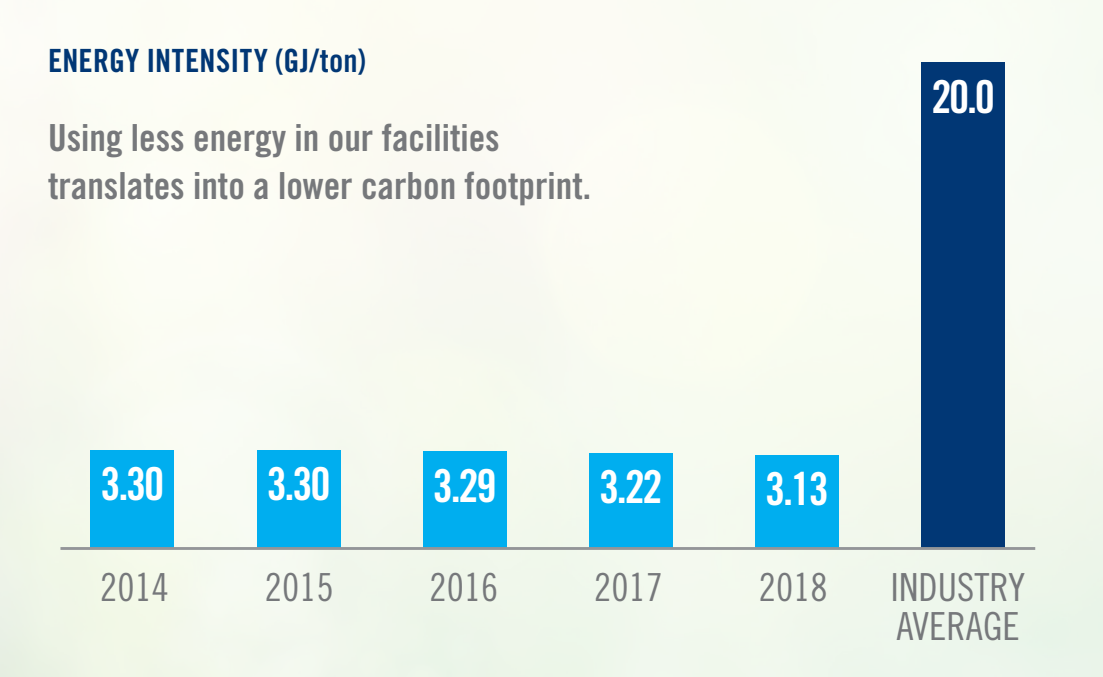
- 100% of the slag produced has been captured for reuse
- >98% of electric arc furnace dust/zinc has been recycled



**Our vertically integrated manufacturing processes save over 657,000,000 cubic feet of landfill space annually - that's enough to fill AT&T Stadium more than 6 times every year.**



# Environmental Performance







# VALUING OUR PEOPLE

Our people are fundamental to the ongoing success of our business. We are committed to building a culture and working environment where our employees can do their best work and feel valued for their contributions. We are also committed to fostering a culture where safety is our top priority. We continue to invest in our people through training and engagement activities related to safety and wellness, performance management initiatives, training and development opportunities, total rewards and recognition and career planning. To ensure we are meeting the changing needs and expectations of our workforce, we actively reach out to employees for feedback on how we are doing and respond accordingly with leading programs.

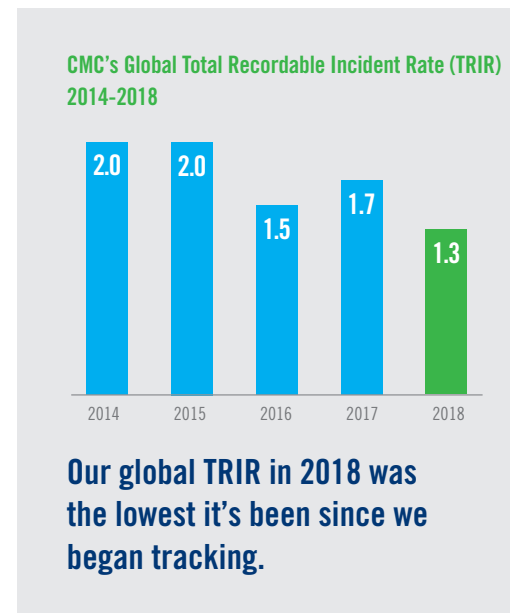
## Safety is our top priority.

### INCREASED ENGAGEMENT IN SAFETY

We are proud of the improvements we have seen year over year in health & safety, and believe this is due to the following:

-  A commitment to safety at all levels in the business.
-  Our continued focus on health & safety training for all employees.
-  New controls were put in place at engineering and administrative levels that bring increased accountability.
-  An increased level of employee engagement on the front line.

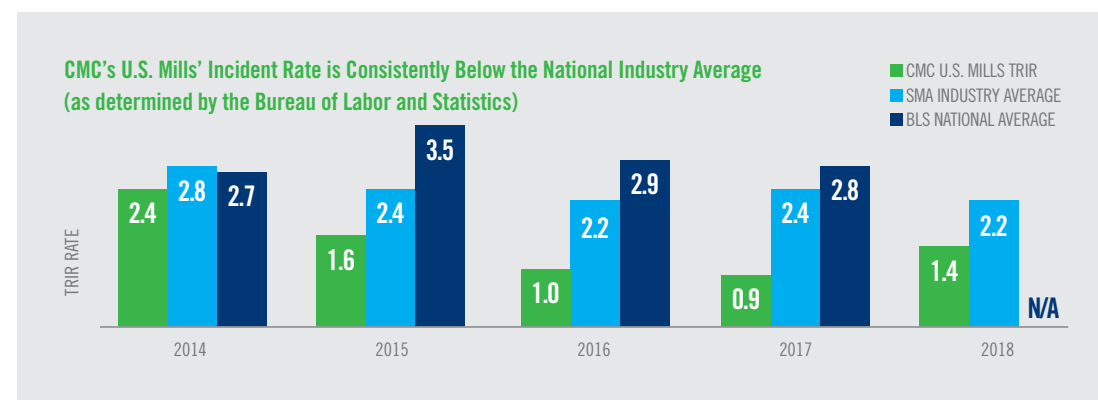
Our Job Instruction Training from 2015-16 focused on role-specific health & safety training, which empowered people who know their jobs best, to become more engaged in the safety process, and look for opportunities to improve.



Our [Global Occupational Health and Safety Policy](#) outlines the high standards we expect of our employees and contractors.

### EMBRACING SAFETY LEADERSHIP

To ensure we are promoting – and living – a culture where safety is our top priority, we launched new safety training in FY17 targeted at the company's leaders. Training was rolled out to managers, supervisors and our Executive Team. In total, 1,446 employees participated, from our Corporate Office to all our operating units in Poland and the U.S., which demonstrates the priority we placed on this initiative.





**CMC Recycling**  
Lex. Landfill (24)

**CMC Poland Sp. z o.o.**  
Chrzanow (12)

**CMC Poland Sp. z o.o.**  
Konin (10)

**CMC Recycling**  
Galveston (9)

**CMC Construction Services**  
Alexandria (8)

**CMC Rebar**  
Fontana (8)

**CMC Construction Services**  
Rosenberg (7)

**CMC Rebar**  
Pharr (7)

**CMC Construction Services**  
Fort Worth (6)

**CMC Operations Admin** (6)

**CMC Recycling**  
Independence (6)

**CMC Recycling**  
Lufkin (6)

**CMC Southern Post**  
South Carolina (6)

**CMC Poland Sp. z o.o.**  
Bydgoszcz (6)

**CMC Construction Services**  
Austin (5)

**CMC Rebar**  
San Antonio West (5)

**CMC Construction Services**  
Corpus Christi (4)

**CMC Construction Services**  
Dallas Rental (4)

**CMC Construction Services**  
San Antonio (4)

**CMC Construction Services**  
Sulphur (4)

**CMC Construction Services**  
Tulsa (4)

**CMC Recycling**  
Seguin (4)

**CMC Recycling**  
Springfield (4)

**CMC Recycling**  
Victoria (4)

**CMC Poland Sp. z o.o.**  
Rzeszow (4)

**CMC Poland Sp. z o.o.**  
Zyrardow (4)

**CMC Construction Services**  
Conroe (3)

**CMC Construction Services**  
Houston NW (3)

**CMC Construction Services**  
Texas City (3)

**CMC Impact Metals**  
Pell City (3)

**CMC Placing**  
Fresno (3)

**CMC Rebar**  
Arizona (3)

**CMC Rebar**  
Brighton (3)

**CMC Rebar**  
Corpus Christi (3)

**CMC Rebar**  
Laredo (3)

**CMC Recycling**  
Beaumont (3)

**CMC Recycling**  
Gainesville (3)

**CMC Recycling**  
Joplin (3)

**CMC Recycling**  
Odessa (3)

**CMC Recycling**  
Orlando (3)

**CMC Recycling**  
Tulsa (3)

**CMC Southern Post**  
Utah (3)

# These CMC global sites had zero recordable incidents in 2018.

Locations with zero incidents over multiple years have the number of years in parenthesis.

**CMC Poland Sp. z o.o.**  
Raczki (3)

**CMC Construction Services**  
Bossier City (2)

**CMC Construction Services**  
New Steel (2)

**CMC Construction Services**  
Round Rock (2)

**CMC Construction Services**  
San Antonio West (2)

**CMC Rebar**  
Albuquerque (2)

**CMC Rebar**  
Harlingen (2)

**CMC Rebar**  
Melissa (2)

**CMC Rebar**  
Nashville (2)

**CMC Rebar Cable**  
Alpharetta (2)

**CMC Recycling**  
Augusta (2)

**CMC Recycling**  
Chattanooga (2)

**CMC Recycling**  
Florence (2)

**CMC Recycling**  
Ocala (2)

**CMC Steel**  
Arkansas (2)

**CMC Poland Sp. z o.o.**  
Gdansk (2)

**CMC Poland Sp. z o.o.**  
Olsztyn (2)

**CMC Poland Sp. z o.o.**  
Zebiec (2)

**CMC Construction Services**  
New Orleans (1)

**CMC Houston Warehouse** (1)

**CMC Impact Metals**  
Chicora (1)

**CMC Recycling**  
Anderson (1)

**CMC Recycling**  
Charlotte (1)

**CMC Recycling**  
Columbia (1)

**CMC Recycling**  
Fort Worth (1)

**CMC Recycling**  
Lexington (1)

**CMC Recycling**  
Spartanburg Asheville Hwy (1)

**CMC Recycling**  
Tampa (1)

**CMC Recycling**  
Waco (1)

**CMC Recycling**  
Wellford (1)

**CMC Rebar**  
American New Steel (1)

**CMC Rebar**  
Dallas (1)

**CMC Rebar**  
Denver (1)

**CMC Rebar**  
Gastonia (1)

**CMC Rebar**  
Orlando (1)

**CMC Rebar**  
Tracy (1)

**CMC Rebar Coating**  
Waxahachie (1)

**CMC Poland Sp. z o.o.**  
Lublin (1)

**CMC Poland Sp. z o.o.**  
Swidnica (1)





Commercial Metals Company was recognized in FY18 as a “Top 25 Company for Diversity in Texas.” One hundred Texas Fortune 1000 companies were surveyed and those with the highest percentage of women and minority inclusion in their executive leadership and Board of Directors positions were selected as award recipients. At the annual Texas Diversity and Leadership Conference held in Dallas, Barbara Smith, Chairman, President and CEO accepted the award on behalf of CMC.

### ENCOURAGING DIVERSITY

It has always been important to us to foster an inclusive culture where our collective efforts leverage diverse points of view and enable us to realize superior solutions. In FY18, we enhanced our commitment and released a formal [Workplace & Human Rights Policy](#). This policy complements our Guiding Principles and our Code of Conduct and Business Ethics, and holds us accountable to protecting, and respecting, human rights for all.

In addition to this new policy, we are working to increase:

- Visibility of CMC as a viable employer for women through the *Association of Women in Metals Industry Group (AWMI)*, which we have been members of since 1999, and by partnering with Jefferson State Community College’s *Hard Hats and High Heels* program in Birmingham, AL.
- Visibility with all ethnicities by posting job ads in multiple languages in local markets.
- Awareness of unconscious bias in recruiting & hiring processes.

### DETERMINING WHAT MAKES US DIFFERENT

In 2017, we surveyed nearly 800 employees in 35 locations to better understand what attracted them to CMC, and why they have stayed with us. We learned:

- Employees value development opportunities, so we expanded our leadership development program in the U.S. and Poland.
- Benefits such as scholarships and tuition reimbursement are as important as health & safety benefits and should be a continued focus.
- Characteristics that differentiate us include promoting a results-oriented, collaborative, selfless and positive working environment.

This prompted us to formalize these characteristics as culture differentiators and incorporate them in our hiring and onboarding process.



### BETTER BENEFITS

We made several improvements to our Health & Welfare program in 2018 based on the feedback we received.

A few notable changes are:

- ↓ Decreased premiums for a large majority of our employees by adding salary banded premiums
- Eliminated a High Deductible Health Plan (HDHP)
- ↑ Enhanced our PPO plan making access to care more affordable
- ⊕ Included Telehealth with a zero dollar copay
- ↑ Increased the annual maximum benefit for our Premium Dental Plan and added adult orthodontia benefits

### EMPOWERING OUR PEOPLE

At CMC, we are proud of our talented global workforce. We are strong believers that our employees are central to CMC’s success and our ability to achieve our commitments to our customers, communities and shareholders. We understand the importance of empowering our employees to achieve their full potential and contribute to business ideas and innovations. Diversity and inclusion are central to our company’s ethos and we appreciate that each employee’s unique experiences and perspectives are critical in creating a culture that engages and inspires. For more information on our inclusive culture, visit our [website](#).

### HEALTHY DECISIONS

A critical success factor in the early detection and prevention of illness is a strong relationship with a health care provider. We adjusted our approach in FY17, educating all employees on the importance of an annual physical and promoting the use of in-network physicians to cut out of pocket costs for employees.

One CMC employee’s story is a strong example of why we changed from recommending basic biometric screenings to annual physicals. Nelson Chandler is a CMC driver from Lexington, SC. During his annual physical, Nelson’s doctor identified an enlarged lymph node and he was soon diagnosed with Hodgkin’s Lymphoma. After surgery, Nelson’s health is back on track and he’s more aware than ever of his health and taking care of himself - in his words, “it changed my life, completely.”

Nelson chose to share his story with his fellow CMC coworkers in the hopes that they would learn from his experience. “Think about your health. Go to the doctor... Get your annual physical like you are supposed to, so you can be around to take care of your family and enjoy life.”

Since implementation of the annual physical program, which close to 94% of eligible CMC employees in FY18 participated in, we have heard positive feedback directly from our employees ranging from losing weight and decreasing cholesterol, all the way to Nelson’s cancer survivor story.





# INVESTING IN LOCAL COMMUNITIES

Over the last 5 years, CMC has invested close to \$3 million in our local communities.



Being an active, contributing member of the communities where we operate is paramount to CMC's values. We operate in many small towns and are proud that the culture of caring and sense of family that we foster internally extends to these communities as well. We align our social outreach with initiatives and causes that resonate most with our employees. Our approach to giving back to our communities encompasses financial support through dollars given, in-kind gifts of steel and other construction products, as well as employee volunteerism for causes they care about.

## GIVING BACK TO OUR COMMUNITIES

All CMC locations operate community investment and engagement initiatives, and each location is empowered to select the organizations they would like to support, in close collaboration with employees. In FY17 and 18, we gave a total of \$567,620 and \$594,230, respectively, to organizations such as:

- American Cancer Society
- American Heart Association
- Gary Sinise Foundation
- Habitat for Humanity
- Relay for Life
- United Way
- Zawiercie Fire Brigade (Poland)
- Zawiercie Brass Band (Poland)
- Zawiercie Noble Gift initiative (Poland)



Employees from CMC's corporate office working on landscaping at Gary Sinise Foundation Smart Home.

## HELPING BUILD HOUSES FOR VETERANS

We proudly continued our corporate partnership with the Gary Sinise Foundation's R.I.S.E. program to build highly automated smart homes that allow severely wounded veterans to regain self-reliance and mobility. A partnership with the Gary Sinise Foundation is a natural fit for CMC as we employ many veterans at our steel making facilities.

In 2017, CMC partnered with the Foundation to build a home for veteran U.S. Air Force Senior Airman Byers (Ret.) and his family, and 2018 marked the fifth year that CMC has contributed financially and employees volunteered time to build five homes in communities near CMC facilities. We also conduct an annual fundraising campaign, donating a percentage of sales during the month of November in honor of Veteran's Day.



The completed Byers home awaits the dedication to the family.





### CELEBRATING “SCRAP CAN BE BEAUTIFUL”

In 2018, we celebrated the 40th anniversary of our “Scrap Can Be Beautiful” competition. Each year, students from the Booker T. Washington High School for the Performing and Visual Arts in Dallas, Texas, enter captivating and innovative metal sculptures in a contest and exhibit. All scrap metal used in the sculptures is donated by CMC. This longstanding partnership has provided many students with the opportunity to express their creativity through artistic means and be recognized for their talents.



Dragonfly  
Matthew Sanchez

Fisher  
Ivan Young

Dancing  
James Page-Daniels

Heliz  
Lily Keith

“The metal program at Booker T. Washington High School for the Performing and Visual Arts would not survive if it was not for the partnership with Commercial Metals Company. This partnership not only shows the students that they are able to create works of art in steel, but are able to sell their work through the silent auction. This is a great confidence booster for the students; through participating in this program we have had students who continue to college working with steel, and students who pursue careers as welders.”

~ Jessica Bell Visual Arts Instructor



### A REWARDING COMMUNITY RELATIONSHIP

CMC was proud to bring jobs to the community of Durant, Oklahoma, with the opening of our innovative micro mill CMC Steel Oklahoma in 2018. We are also proud to support business and civic initiatives there. In 2018, our commitment to the community was recognized when CMC Steel Oklahoma received both the Durant Main Street Community Partner of the Year and the Durant Area Chamber of Commerce Large Business of the Year awards. Thanks, Durant!

### PROMOTING OPPORTUNITIES IN POLAND

Since 2016, CMC Poland has worked closely with several technical high schools in Zawiercie to provide co-op placements for students to help them learn technical skills needed to work in the steel industry. Successful students can earn scholarships during their time studying in technical high schools. CMC Poland also cooperates with the local technical university, enabling students to spend their apprenticeship at the mill and granting a scholarship for the chosen student. This partnership provides students with valuable education and experience to help them transition into future careers in the industry, but it also helps CMC ensure we have a talented, local pipeline which will help address shortages of technical specialists in the forthcoming years.

### HELPING AFTER HURRICANES

In FY17, CMC employees and their families were impacted by Hurricane Harvey in Texas, and Hurricane Irma in Florida. Through personal contributions made by CMC's employees, our Board of Directors and partner suppliers, we raised nearly \$80,000 for 66 employees and their families. One of CMC's logistics partners, Shelton Trucking, was also hit hard by Hurricane Irma. CMC's East Region Logistics Team quickly went to work, delivering a donation of fifteen generators, one hundred gallons of gas, a pallet of bottled water and extension cords to Shelton's Corporate office in Altha, Florida so they could weather the storm. While many CMC employees were dealing with the aftermath of the storm in their personal lives, their concern for others extended to our business partners as well, demonstrating that CMC's Guiding Principles are more than a corporate statement - it's truly how our employees live their lives, day in and day out.



“What you did for us was selfless and generous. Thank you so much for the myriad of support. The generous assistance will forever live in my heart and mind. I appreciate how CMC has transformed lives through your mission to share what you have with others.”

~ Nickette McKendon

Estimator for CMC in Jacksonville, FL



# DELIVERING EXCEPTIONAL PRODUCTS AND CUSTOMER SERVICE



As highlighted in our Guiding Principles, we place our customers at the core of all we do and work hard to understand our customers' evolving needs and provide creative solutions that add value to their businesses. To ensure that our products and services meet customer expectations, we operate a formal Commercial Excellence Program, involving multiple customer feedback mechanisms, a continuous improvement management system, and extensive employee training. We are also committed to providing customers with helpful information that demonstrates how our products can contribute to leading green building rating systems. CMC supplied products for over 250 Leadership in Energy and Environmental Design (LEED®) eligible projects during FY17 and FY18.



Because of his “upbeat, courteous and professional” support for Siemens, a CMC commercial account, Rodger Armstrong (pictured on right) was recognized with a CMC award for his commitment to delivering exceptional customer service.

## CONTINUED CUSTOMER SATISFACTION

We proactively gather feedback from our customers in a variety of ways, including different survey tools – our own tool as well as the Jacobson and Associates Customer Survey.

The Jacobson Customer Satisfaction Survey is the steel industry benchmark for measuring customer satisfaction. The survey compares CMC to our major steel mill peers in the U.S. and Canada on topics such as overall satisfaction, quality, service, price, on-time delivery, inside and outside sales and eCommerce.

**In 2018, CMC Mills were ranked 2, 4, 5 and 10 out of 29 mills in the Jacobson Customer Survey.**



## SINGLED OUT FOR OUR SERVICE

Great Dane, a CMC customer who is a leading manufacturer of high-performance commercial transportation equipment, including flatbed trailers, honored CMC Impact Metals as Supplier of the Year for their “above and beyond” customer support at Great Dane’s annual Supplier Summit in Savannah, Georgia, in November 2017. “In order to be the best, we have to work with the best, and we believe we have the greatest partners in the business,” said Dean Engelage, president of Great Dane. “We thank all of our supplier partners for their continued support and ongoing commitment to excellence.”





ChromX® was used in the construction of the California Academy of Sciences Exhibition and Research Center in San Francisco, CA, which was awarded LEED® platinum by the U.S. Green Building Council.

### PRODUCTS THAT SUPPORT GREENER OPERATIONS

We are an active member and supporter of the efforts of the U.S. Green Building Council and the [Leadership in Energy and Environmental Design \(LEED®\)](#) initiative.

All of CMC's steel mills utilize state-of-the-art Electric Arc Furnace Technology to make steel. This technology uses pre- and post-consumer recycled scrap as the primary raw material for the steelmaking process and comprises on average, 96.0% recycled content. Given the high percentage of recycled materials we use,

our products can make positive contributions to the LEED® rating system.

We published Environmental Product Declarations (EPD) for all CMC products in 2015 and were the first rebar fabricator to produce an EPD. An EPD is an environmental certification that quantifies and verifies the life cycle impacts of products. Our EPDs help building developers and engineers in the construction sector make more informed decisions when choosing among different product providers in order to build sustainable construction and receive LEED certification.

### HIGH-STRENGTH INNOVATION

Our product teams are always looking for sustainable innovations that help address society's greatest challenges and make our customer's jobs easier. In FY18 we began manufacturing ChromX® – a concrete reinforcing steel product designed to have high-strength capabilities, be resistant to corrosion, and have a service life of more than 100 years. These material attributes mean that designers can build bridges and other structures that have a longer life cycle than traditional solutions.

### THE MARK OF QUALITY IN POLAND

CMC Poland was recognized in FY17 with the Suststeel Products Mark, a certification from Bureaus Veritas in the European Union. This mark is awarded to all products coming from a mill whose sustainability management and KPI system passes the requirements for the mark and this recognition helps us communicate the sustainability attributes of our products with our European customers.



ChromX® reinforces the Route 460 Connector Bridge in Virginia.



# GRI Content Index

This table includes a summary of the Global Reporting Initiative's Sustainability Reporting Standards and Disclosures found in CMC's 2018 Sustainability Highlights Report, 2018 Annual Report, and/ or our company website. We are not claiming to report in accordance with the GRI Standards but include this Index to help stakeholders find information relevant to their needs.

GENERAL DISCLOSURES		
Disclosure Number	Disclosure Title	Location and Notes
<b>ORGANIZATIONAL PROFILE</b>		
GRI 102-1	Name of organization	Commercial Metals Company
GRI 102-2	Activities, brands, products, and services	<a href="#">CMC at a Glance</a> , <a href="#">CMC 2018 10-K</a> , <a href="#">CMC website</a>
GRI 102-3	Location of headquarters	6565 North MacArthur Blvd. Suite 800 Irving, Texas, 75039
GRI 102-4	Location of operations	<a href="#">CMC at a Glance</a> , <a href="#">CMC 2018 10-K</a> , <a href="#">CMC website</a>
GRI 102-5	Ownership and legal form	<a href="#">CMC at a Glance</a>
GRI 102-6	Markets served	<a href="#">CMC 2018 10-K</a>
GRI 102-7	Scale of the organization	<a href="#">CMC at a Glance</a> , <a href="#">CMC 2018 10-K</a>
GRI 102-8	Information on employees and other workers	<a href="#">Valuing Our People</a>
GRI 102-10	Significant changes to the organization and its supply chain	We sold our marketing and distribution business segment in 2018 and no longer have employees in Asia or Australia (was 127 employees as of Aug 31, 2018). Given the insignificance of the scale of this change, it has no material impact on our environmental footprint, or H&S data.
GRI 102-13	Memberships of associations	<ul style="list-style-type: none"> <li>American Association of State Highway and Transportation Officials (AASHTO)</li> <li>American Concrete Institute (ACI)</li> <li>Association for Iron and Steel Technology (AIST)</li> <li>Buy America Steel Products Association</li> <li>British Constructional Steelwork Association (BCSA)</li> <li>British Standards Association (BSI)</li> <li>Concrete Reinforcing Steel Institute (CRSI)</li> <li>Institute of Scrap Recycling Industries (ISRI)</li> <li>International Steel Trade Association (ISTA)</li> <li>Metal Building Manufacturers Association (MBMA)</li> <li>Metals Service Center Institute (MSCI)</li> <li>Polish Steel Association (Hutnicza Izba Przemysłowo Handlowa)</li> <li>Steel Joist Institute (SJI)</li> <li>Steel Manufacturers Association (SMA)</li> <li>Transportation Research Board (TRB)</li> <li>U.S. Green Building Council (USGBC)</li> </ul>
<b>STRATEGY</b>		
GRI 102-14	Statement from senior decision-maker	<a href="#">CEO Letter</a>
<b>ETHICS &amp; INTEGRITY</b>		
GRI 102-16	Values, principles, standards, and norms of behavior	<a href="#">Our Sustainability Strategy and Management Approach: The Importance of Integrity</a>
GRI 102-17	Mechanisms for advice and concerns about ethics	<a href="#">Our Sustainability Strategy and Management Approach: The Importance of Integrity</a>
<b>GOVERNANCE</b>		
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	<a href="#">Our Sustainability Strategy and Management Approach: Managing Risk</a>
GRI 102-29	Identifying and managing economic, environmental, and social impacts	<a href="#">Our Sustainability Strategy and Management Approach: Managing Risk</a>
GRI 102-31	Review of economic, environmental, and social topics	<a href="#">Our Sustainability Strategy and Management Approach: Identifying the Issues that Matter Most</a>
GRI 102-32	Highest governance body's role in sustainability reporting	<a href="#">Our Sustainability Strategy and Management Approach: Managing Risk</a>

GENERAL DISCLOSURES (CONT.)		
Disclosure Number	Disclosure Title	Location and Notes
<b>STAKEHOLDER ENGAGEMENT</b>		
GRI 102-40	List of stakeholder groups	We consider our customers, employees, communities and shareholders to be key stakeholders in our sustainability initiatives.
<b>REPORTING PRACTICE</b>		
GRI 102-50	Reporting period	<a href="#">About This Report</a>
GRI 102-51	Date of most recent previous report	2016
GRI 102-52	Reporting cycle	Biennial
GRI 102-53	Contact point for questions regarding the report or its contents	<a href="mailto:IR@cmc.com">IR@cmc.com</a>
GRI 102-55	GRI Content Index	This is our GRI Content Index.
<b>TOPIC-SPECIFIC DISCLOSURES</b>		
Disclosure Number	Disclosure Title	Location and Notes
<b>ECONOMIC TOPICS</b>		
Indirect Economic Impacts		
GRI 201-1	Direct economic value generated and distributed	<a href="#">CMC at a Glance</a> , <a href="#">CMC 2018 10-K</a>
<b>ENVIRONMENTAL TOPICS</b>		
Materials		
GRI 301-2	Recycled input materials used	<a href="#">Environmental Stewardship: Serving a Circular Economy</a>
Energy		
GRI 302-3	Energy intensity	<a href="#">Environmental Stewardship: Raising Efficiency, Lowering Emissions</a>
GRI 302-4	Reduction of energy consumption	<a href="#">Environmental Stewardship: Raising Efficiency, Lowering Emissions</a>
Emissions		
GRI 305-4	Greenhouse gas (GHG) emissions intensity	<a href="#">Environmental Stewardship: Raising Efficiency, Lowering Emissions</a>
GRI 305-5	Reduction of greenhouse gas (GHG) emissions	<a href="#">Environmental Stewardship: Raising Efficiency, Lowering Emissions</a>
Environmental Compliance		
GRI 307-1	Non-compliance with environmental laws and regulations	We had no incidents of non-compliance with environmental laws and/or regulations in FY17 and FY18.
<b>SOCIAL TOPICS</b>		
Occupational Health & Safety		
GRI 403-5	Worker training on occupational health and safety	<a href="#">Valuing Our People: Increased Engagement in Safety</a>
GRI 403-6	Promotion of worker health	<a href="#">Valuing Our People: Increased Engagement in Safety</a>
GRI 403-9	Work-related injuries	<a href="#">Valuing Our People: Increased Engagement in Safety</a>
Training & Education		
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">Valuing Our People: Determining What Makes Us Different</a>
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	100% of our employees receive performance reviews and feedback at least once annually.
Diversity & Equal Opportunity		
GRI 405-1	Diversity of governance bodies and employees	<a href="#">Valuing Our People: Encouraging Diversity</a>
Local Communities		
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	<a href="#">Investing in Our Local Communities</a>
Socioeconomic Compliance		
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	We had no incidents of non-compliance with social or economic laws and/ or regulations in FY17 and FY18.



