



**CORPORATE SOCIAL  
RESPONSIBILITY INFORMATION 2020**







# Corporate Social Responsibility Information 2020

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# Interview with Guy Sidos, Chairman and Chief Executive Officer

*“ We are an industrial company marked by a strong culture of innovation, now mobilized for ecological and energy transitions. ”*

Guy Sidos

**First of all, how do you see the health crisis that has disrupted our lives and, beyond that, the global economy?**

I was impressed by the quality and effectiveness of our collective response. Thanks to the commitment of our employees around the world, our results, driven by the dynamism of our latest developments, have improved in all areas: industrial and environmental, commercial, financial, but also security and cybersecurity, which is becoming a major subject.

The provisions of our continuity plans, launched in February 2020, have made it possible to protect, produce and sell. Our strategy has shown its strength and resilience: in local markets, following the principles of the circular economy, and at international level to balance risks geographically. More than these technical elements, the crisis has highlighted the importance of the human factor in its most noble dimensions of courage, commitment, solidarity, benevolence and competence. Despite the social distancing measures, we have never



been so close and this makes us proud! I would also like to salute the work of the Louis Vicat Foundation, which, through its initiatives and its proximity to the teams, helped to make this period less difficult.

“ Thanks to its solid fundamentals, our Group can approach 2021 with confidence and look to the future, with the aim of stepping up efforts to decarbonate our processes and our products ”

This crisis has also permanently modified our relationship with work, with the successful introduction of remote working, the elimination of certain unnecessary tasks, and finally the search for optimal efficiency. It has opened up opportunities and accelerated ecological and digital transitions. Thanks to a solid foundation, we can approach 2021 with confidence and look to the future, with the aim of intensifying our efforts in the decarbonation of our processes and our products.

#### Is the Vicat Group business model aligned with the need to accelerate adaptation to climate change?

Our Group is marked by five main principles that guarantee its past, present and future success. The first of these values is our **regional roots**, reaffirmed by the relocation of our head office from Paris La Défense to L'Isle d'Abeau, in the Auvergne-Rhône-Alpes region, in October 2020. This decision has enabled us to bring together all of our Group departments in a single location, thereby promoting synergies and decision-making.

Second value: our **partnership commitment**, affirming our desire to build business relationships or collaborations in the regions, with all stakeholders, in a long-term approach. Next comes **responsible sustainability**, in order to incorporate the impact of our actions on the environment and the quality of life of the people living in the regions where the Group operates, and **shared passion**, the driving force behind our employees' commitment to serving our customers. Finally, we are still an industrial company, marked by a strong **culture of innovation**, with resources that are now being strengthened and mobilized for the ecological and energy transitions.

In early 2020, Vicat's governance set up a Climate Strategy Department which is working to define, coordinate and implement the means to address this issue, which is simple in its principles but complex in its implementation. There is no single technical solution, but a myriad of solutions adapted to each region. The overall number of projects related to the decarbonation of the value chain has therefore increased significantly from 41 projects in 2019 to 53 projects in 2020. And the amount

#### Investments related to decarbonation doubled in 2020

of investments related to these decarbonation projects has more than doubled: they rose from € 23 million in 2019 to € 52 million in 2020.

#### In this context, how do you qualify the Group's financial results in 2020?

The Group's results in 2020 reflect a solid operating performance, with EBITDA of € 557 million, up 10% at constant scope and exchange rates. The Group's financial statements were affected by the negative impact of currency effects of more than € 100 million on revenue and almost € 24 million on EBITDA. Consolidated net income amounted to € 172 million, an increase of 7.7% and 16.3% at constant scope and exchange rates.

The strong generation of operating cash flows and a significant reduction in working capital requirement have made it possible to reduce the net financial debt by € 88 million, while the industrial investment effort reached € 300 million. The successful refinancing of the USPP for € 175 million at 15 years has enabled the Group to post a significant increase in the average maturity of its debt at more than five years.

The commitment to the year's management did not cause us to lose sight of the long-term. The project to build a new kiln system at the Ragland plant in Alabama is continuing at a steady pace, with a view to come on stream in the first half of 2022. The investment effort also focused on numerous energy efficiency projects, the development of secondary fuels and the production of low-carbon energy with the commissioning of two solar farms, in India and Senegal.



# PRESENTATION OF THE GROUP

# 1

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# 1

## Presentation of the Group

1.1. Vicat in the world

### 1.1. Vicat in the world

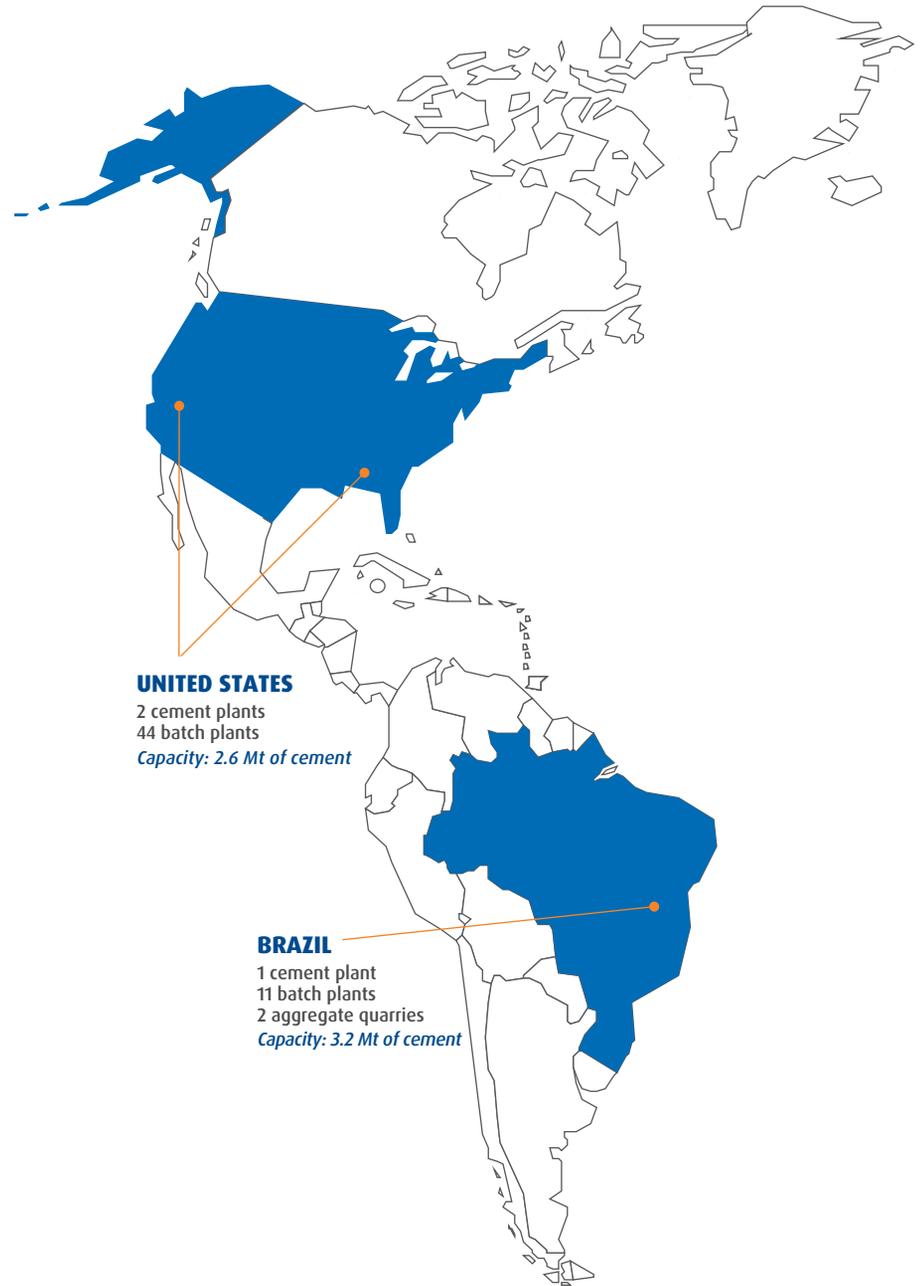
**16**  
cement plants

**5**  
grinding plants

**35**  
million tonnes  
of cement capacity

**258**  
concrete  
batching plants

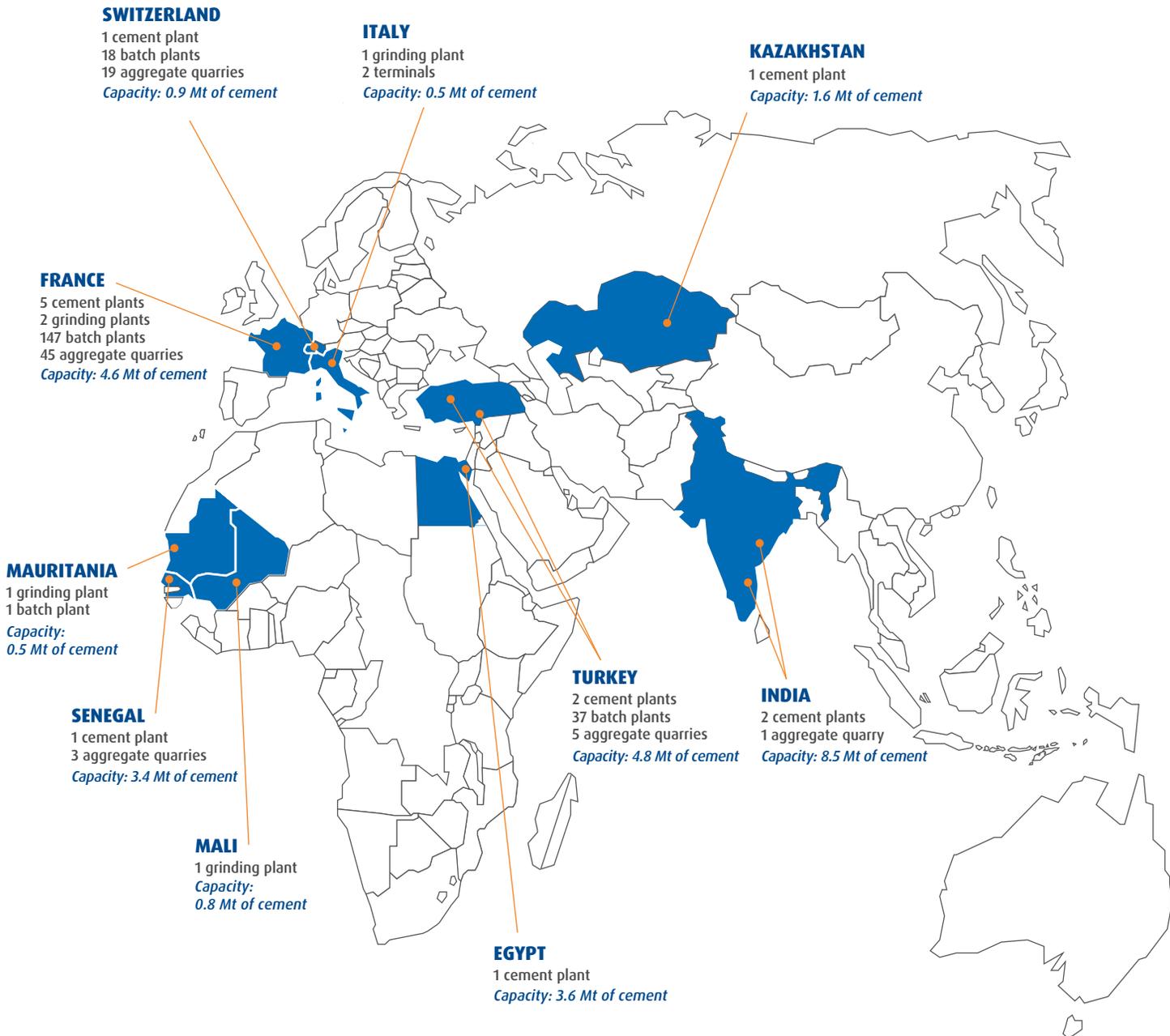
**75**  
aggregate quarries



**€2,805 M**  
sales revenues

**9,829**  
employees

**3** business  
segments  
Cement,  
Concrete & Aggregates,  
Other Products & Services



**12** countries where Vicat operates

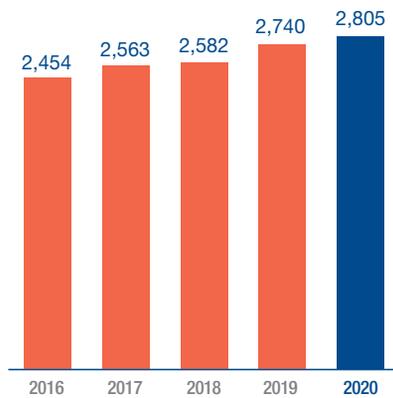
**25.0** million tonnes of cement

**9.3** million m<sup>3</sup> of concrete

**22.7** million tonnes of aggregates

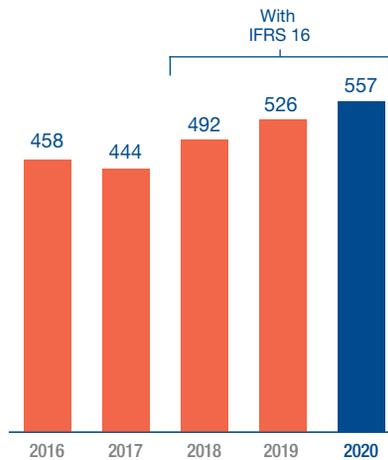
## 1.2. Key figures

### CONSOLIDATED SALES REVENUES *(in millions of euros)*



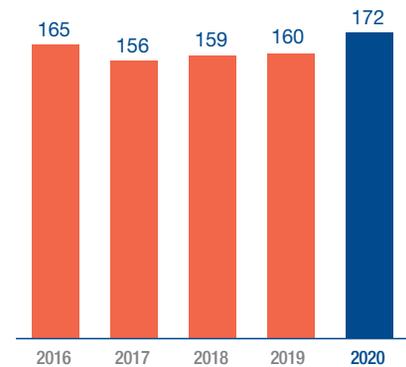
Consolidated sales revenues for 2020 were € 2,805 million, up 2.4% on a reported basis and 5.5% at constant consolidation scope and exchange rates compared with 2019.

### EBITDA<sup>(1)(3)</sup> *(in millions of euros)*



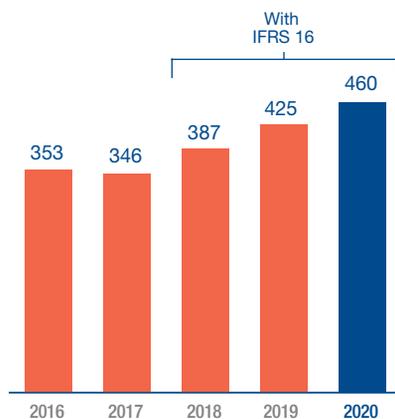
Group consolidated EBITDA, at € 557 million, was up 5.9% compared with 2019 and +10.1% at constant consolidation scope and exchange rates.

### CONSOLIDATED NET INCOME<sup>(3)</sup> *(in millions of euros)*



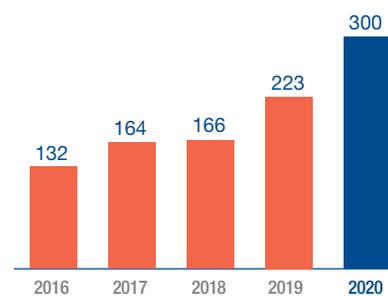
Consolidated net income was € 172 million, up 7.7% and +16.3% at constant consolidation scope and exchange rates.

### CASH FLOW FROM OPERATIONS<sup>(3)</sup> *(in millions of euros)*



Operating cash flow amounted to € 460 million, generating free cash flow of € 228 million in 2020.

### NET INDUSTRIAL INVESTMENTS DISBURSED *(in millions of euros)*



Industrial investments disbursed amounted to € 300 million in 2020.

### NET DEBT/EQUITY *(in %)<sup>(3)</sup>*



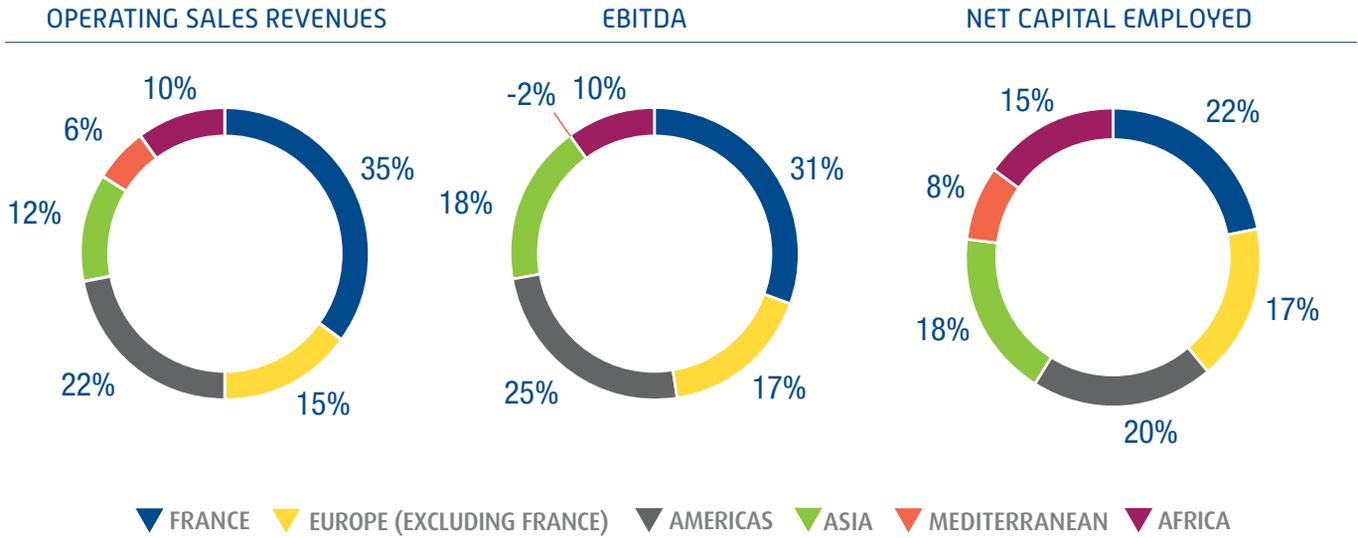
The gearing was 49.9% of consolidated shareholders' equity as at December 31, 2020, compared with 49.7% as at December 31, 2019.

(1) EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization): gross operating income plus other ordinary income and expenses.

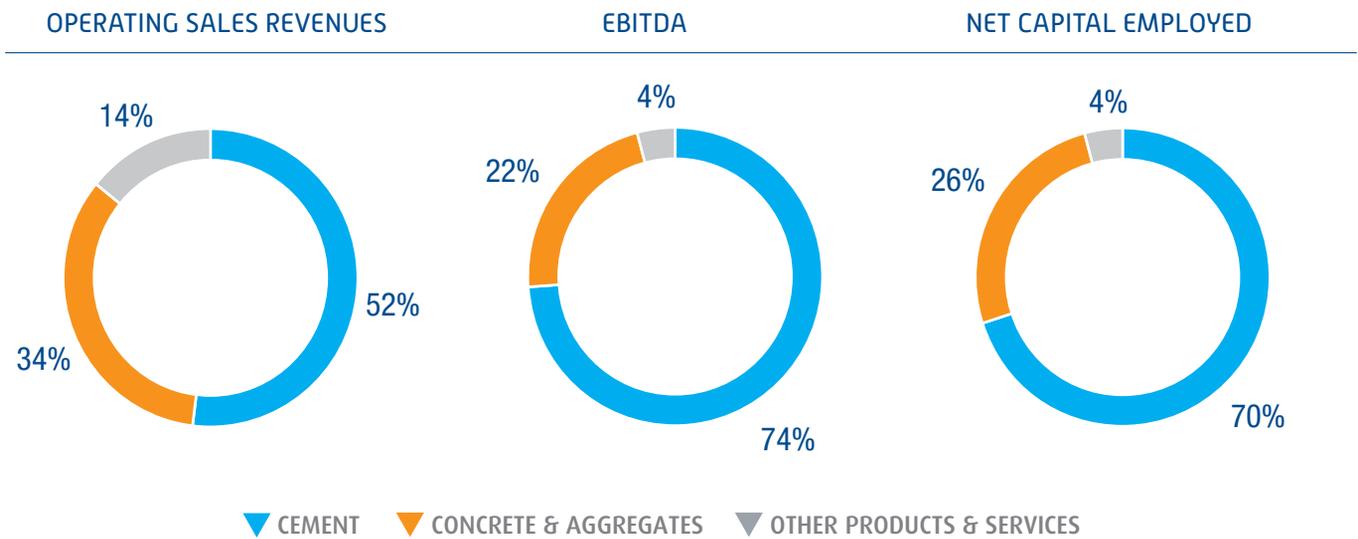
(2) Gearing is a ratio analyzing the financial structure and is equal to net debt divided by consolidated shareholders' equity.

(3) 2018 figures restated following the adoption of IFRS 16.

**BY GEOGRAPHICAL AREA (2020)**



**BY BUSINESS SEGMENT (2020)**



## 1.3. History

The Vicat Group's history stretches back two centuries to when Louis Vicat invented artificial cement. Building on these foundations, the Group cultivates a tradition of innovation and technical excellence that continues to this day.

The shareholder structure has always been firmly family-based, and this strong footprint can also be found within the General Management where the succession is based on generations of entrepreneurs driven by the same values.

### 1817

#### Louis Vicat invented artificial cement

After graduating from two of France's elite engineering schools, *Ecole polytechnique* and *Ecole des ponts et chaussées*, Louis Vicat invented artificial cement in 1817. On February 16, 1818, his invention was authenticated by the Académie des Sciences. The report was signed by Messrs. de Prony, Gay-Lussac and Girard, distinguished scientists of the time.

### 1853

#### Construction at Le Genevrey of the Group's first cement factory

In the vicinity of Grenoble the young engineer Joseph Vicat began to manufacture artificial cement in kilns, after analyzing the local argillaceous limestone and finding it particularly well suited to this task. The initial results were highly satisfactory. Aged 32 at the time and a graduate of the *Ecole polytechnique* like his father, Joseph Vicat soon decided to build a cement factory at Genevrey-de-Vif, in Isère.

### 1875

#### Construction of the La Pérelle factory for the manufacture of quick-setting cement

After tireless and rigorous exploration and testing, Joseph Vicat found deposits of limestone particularly suited for the manufacture of quick-setting cement in the Chartreuse mountain range and built a factory for this purpose at La Pérelle, near Saint-Laurent-du-Pont, to the north of Grenoble.

### 1922-1929

#### Construction of the Montalieu and La-Grave-de-Peille factories

Joseph Merceron-Vicat started building the Montalieu factory in 1922 and the Grave-de-Peille factory in 1929. The production capacity of the Montalieu site increased steadily over the ensuing years, becoming the Group's main cement factory in Europe. Today, Montalieu is among Europe's largest cement factories and remains one of the Group's flagship facilities.

### 1960-1974

#### Development of the Group's Cement business in France

André Merceron-Vicat undertook to considerably develop the Company in France at the end of the 1960s and during the 1970s, with the acquisition and construction of several cement factories. The Vicat Company became France's third-largest producer of cement.

### 1974

#### The Group began to expand abroad, focusing initially on the United States

The Company expanded its presence into foreign markets, acquiring the Ragland cement factory in Alabama in 1974.

### 1980-1990

#### Vertical integration in France with the development of the Group's Concrete & Aggregates businesses

In 1984, Jacques Merceron-Vicat was appointed as Chairman and Chief Executive Officer of the Group. The Group continued its development with the acquisition of the SATM Group (Transport, Concrete & Aggregates) and of a number of companies active in ready-mixed concrete & aggregates, thus gradually building up a network of concrete batching plants and quarries in the Île-de-France, Centre, Rhône-Alpes and Provence-Alpes-Côte d'Azur (PACA) regions.

### 1987

#### Acquisition of the Lebec factory (California, United States)

Located near Los Angeles, this factory has a cement production capacity of 1.3 million metric tons.

### 1991-1994

#### Acquisitions of Konya Cimento and Bastas Baskent Cimento in Turkey

1991 saw the start of the Group's operations in Turkey with the acquisition of the Konya cement factory. This was followed by another acquisition in 1994, of Bastas Baskent Cimento, based closer to Ankara.

Today, Konya Cimento and Bastas Baskent Cimento together have a cement production capacity of 4.8 million metric tons. The Group has supplemented its operations in this country with activities in Ready-mixed Concrete & Aggregates.

### 1999

#### Acquisition of Sococim Industries in Senegal

The Group successfully integrated Sococim Industries, a company based in Rufisque, near Dakar, thus securing access to a rapidly-developing new continent. Today, Sococim Industries has a cement production capacity of 3.4 million metric tons.

## 2001

### Acquisition of Vigier in Switzerland

In 2001, the Group acquired Vigier, a Swiss group of companies based not far from its French operations in the Rhône-Alpes and Lorraine regions. By integrating Vigier's various businesses – Cement, Concrete, Aggregates, Precast Concrete – the Vicat Group expanded its own operations across the Swiss border.

## 2003

### Acquisitions of Cementi Centro Sud in Italy and Sinai Cement Company in Egypt

In early 2003, the Group acquired a grinding plant and two shipping terminals in Italy. Then, the Vicat Group acquired an interest in the capital of Sinai Cement Company as part of a majority partnership in which the Group owns the majority. Today, the El Arish cement factory located in the northern Sinai Peninsula has a cement production capacity of 3.6 million metric tons.

## 2004

### Establishment in Mali

Construction of a cement distribution station in Bamako.

## 2007

### Establishment of a cement factory in Kazakhstan

Initiated in 2007, the construction of the Jambyl cement factory in Mynaral was completed in 2010, thus meeting the needs of the rapidly growing Kazakh market. The factory steadily increased its output over the following years to reach a cement production capacity of more than 1.6 million metric tons.

## 2008

### Expansion into India and Mauritania

Construction of a greenfield plant with a nominal cement production capacity of 2.8 million metric tons at Chatrasala, in the southern Indian state of Karnataka.

Acquisition of a majority holding in a cement grinding mill with a capacity of 0.5 million metric tons, located at Nouakchott in Mauritania.

## 2010

### New acquisition in India

The Group made a significant acquisition, becoming the majority shareholder in Bharathi Cement, a company based in the Andhra Pradesh state, in southern India. The production capacity of this Company's cement factory has since been raised to 5 million metric tons.

## 2014

### Expansion of operations in India

Vicat holds 100% of the share capital of Kalburgi Cement.

Guy Sidos was appointed Chairman and Chief Executive Officer.

## 2017

### Creation of the Louis Vicat Corporate Foundation.

## 2019

### On January 21, 2019, completion of the majority equity purchase of Ciplan in Brazil

Ciplan (Cimento do Planalto) operates a cement factory near Brasilia with an annual production capacity of 3.2 million metric tons, nine concrete batching plants and two aggregate quarries.

The Vicat Group acquires a foothold in South America, and now operates in 12 countries.

## 2020

### Launch of the new grinding plant in Mali

The new Cement and Materials raw mill in Mali, located near Bamako, with a capacity of 800,000 tons, strengthens the Group's presence in West Africa.

## 1.4 Strategy and objectives

The Vicat Group focuses on its core business, Cement, in which it has an acknowledged historical expertise, and expands into the Ready-mixed Concrete & Aggregates markets by vertical integration, in order to secure its access to the cement consumption markets. It also benefits from synergies with complementary activities, in certain markets, to consolidate its range of products and services and to strengthen its regional positioning (for example the Precast Concrete business in Switzerland or Transport in France).

It favors controlled development in its various businesses. The Group wants achieve a balanced combination of dynamic internal growth, supported by industrial investment to meet market needs, a selective external growth policy to address new markets with attractive growth potential or accelerate its vertical integration, and a harmonious development of its sites with respect for the environment, with the short- and medium-term objective of decarbonating its activities, but also safety for its employees, inclusion and value creation for all stakeholders.

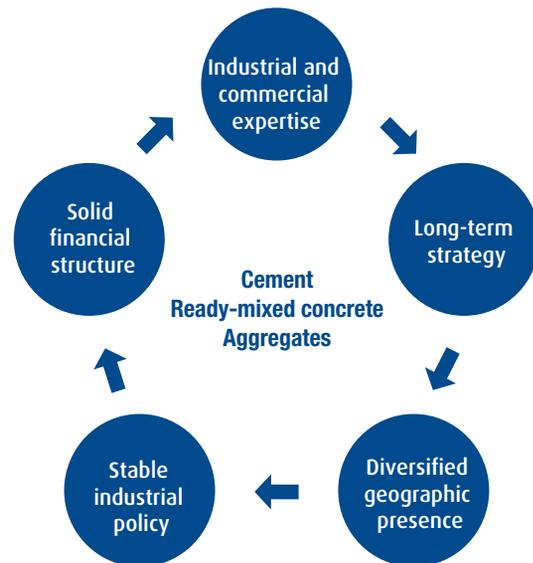
### 1.4.1. The Group's strengths

Over the years, the Group has developed an acknowledged expertise in its main businesses, with a multi-location approach which has led it to build strong regional positions and balance the distribution of its activities.

The Group's principal strengths can be summarized as follows:

- industrial and commercial expertise in the Group's core businesses;
- long-term strategy, assured by family shareholding and management, since the family has managed the Company for over 160 years and boasts in-depth experience of the businesses;
- diversified geographic presence with strong regional positions;
- a stable industrial policy prioritizing long-term control and management of geological reserves as well as maintaining a modern, high-performance industrial base;
- a solid financial structure with levels of profitability enabling the Group, as has been the practice in the past, to finance its growth objectives from its own resources, thereby favoring the creation of value for shareholders.

These strengths allow the Group to vigorously respond to competitive pressure in certain of its markets and to position itself effectively on sustainably growing markets by rapidly increasing its industrial production capacities, or through acquisitions. The Company combines high operating margins and active management of the environmental aspects of its operations.



## 1.4.2. Development strategy analysis by business

### 1.4.2.1. Cement

Cement is the Group's main business, forming the base of its development and profitability. Growth in this business rests on three pillars:

- dynamic internal growth;
- external growth targeting markets with high development potential; and
- the construction of greenfield plants.

The Group's production facilities are described in section 1.5. of this Document.

#### (a) Internal growth sustained by industrial investment

In the markets where it operates, the Group deliberately sustains its industrial investment, with the following aims:

- first, modernizing its production facilities to improve the efficiency and economic performance of its factories and thus to have the industrial capacity to respond to intense competition;
- second, increasing its production capacity to keep in step with its markets and to consolidate or increase its positions as a regional leader.

The Group intends to take advantage of its strong market positions, the quality of its production facilities and its strict cost controls in order to maximize cash flow and cut debt, so enabling further growth transactions.

The Group also wants to continue the industrial development of its businesses in general, and of its Cement business in particular, while also actively managing environmental aspects.

#### (b) External growth

##### **ACQUISITIONS TARGETING NEW MARKETS WITH CONSIDERABLE POTENTIAL**

The Group's strategy is to penetrate new markets in the Cement sector in a highly selective manner. Accordingly, in pursuing external growth, the Group aims to satisfy all the following criteria:

- location near a significant market with attractive growth potential;
- long-term control and management of geological reserves (objective of 100 years for cement) and securing of operating licenses;
- net contribution by the project to the Group's results in the short term.

The Group's record of growth over the past 40 years illustrates the success of this policy to date. The Brazil acquisition project completed in 2019 was based on these criteria.

##### **CONSTRUCTION OF GREENFIELD PLANTS**

The Group may also seize opportunities to enter new developing markets by building new factories on greenfield sites. Such projects are examined very selectively and must comply with the Group's previously-mentioned external growth criteria.

In this context, the Group brought on stream the Jambyl Cement factory at the Mynaral site in Kazakhstan in April 2011 and the Kalburgi factory in the southern Indian state of Karnataka at the end of 2012.

### 1.4.2.2. Ready-mixed Concrete (BPE)

The Group is developing its Ready-mixed Concrete business in order to reinforce its Cement manufacturing business. This development strategy is in line with the maturity of the relevant markets and their integration in the Group's concrete production.

The Group's objective is to create a network of ready-mixed concrete batching plants around cement factories and close to its consumption markets, whether by constructing industrial sites or facilities or by acquiring existing producers.

The Group's objective in investing in this business is vertical integration while prioritizing the flexibility and mobility of its production facilities and ensuring the profitability of the business.

The Group's development in France, Switzerland, Turkey, the United States and Brazil illustrates this strategy. In other markets such as India, Egypt or Senegal, the Group's strategy is to monitor trends in these markets so as to develop its activities once demand for ready-mixed concrete is sufficiently high.

### 1.4.2.3. Aggregates

The Group's presence in the Aggregates business is intended to provide a total response to its clients' demand for construction materials and to secure the aggregate resources necessary to develop the Ready-mixed Concrete activity. Development in this business relies on industrial acquisitions and investments intended to increase the capacity of existing installations and to open new quarries and installations.

Investments in this business take into account the following criteria:

- proximity to the end-markets and to the Group's concrete batching plants;
- control and management of major geological reserves (objective of more than 30 years);
- profitability specific to this business.

This development plan has been implemented successfully in France, Switzerland, Turkey, India, Senegal and Brazil.

### 1.4.3. Geographic development strategy

The Group operates in 12 countries. It recorded 34% of its consolidated sales revenues in France, 15% in Europe (excluding France), 17% in the United States, and 34% in emerging markets (India, Kazakhstan, Egypt, Mali, Mauritania, Senegal, Turkey and Brazil).

The Group's strategy is to combine investments in developed countries, which generate more regular cash flows, with investments in emerging markets offering significant growth opportunities in the longer term, but which remain subject to more significant market fluctuations, and thereby contribute to a diversification of its geographic exposure. In this context, the Group has a particular interest in development projects in emerging countries.

In the markets where it operates, the Group aims to develop strong regional positions around its industrial Cement production facilities, while also consolidating those positions through its Ready-mixed Concrete & Aggregates businesses. Where the Group has entered a market through acquisition of a local producer, it offers its financial strength and its industrial and commercial expertise to optimize the economic performance of the acquired entity while capitalizing on the local identity of the acquired brands.

### 1.4.4. The Group's extra-financial objectives

The Group has set itself five objectives for work over the coming years:

- Decarbonate the value chain
  - Reducing CO<sub>2</sub> emissions on scopes 1, 2, 3 with the ambition of carbon neutrality across the entire value chain by 2050

With by 2030:

  - a 40% share of alternative fuels in the energy mix (including a 15% share of biomass), with 100% in Europe as soon as 2025
  - a 20% share of renewable electricity
  - a maximum clinker content of 75% in the cement
- Developing the circular economy in the value chain
  - Give preference to recycled materials over natural raw materials
- Promoting a responsible purchasing policy
- Preserving natural ecosystems
  - Optimizing the management of the Group's forests with a focus on carbon storage and the development of biodiversity
  - Teaching about biodiversity through the Group's sites
  - To propose through its products alternatives to deforestation
- HR objectives for overall performance
  - Safety: reaching zero accidents
  - Increasing the proportion of women in the overall workforce
  - Three women in the top 10 salaried positions by 2022
  - Staff training on climate change, digital tools and business ethics.

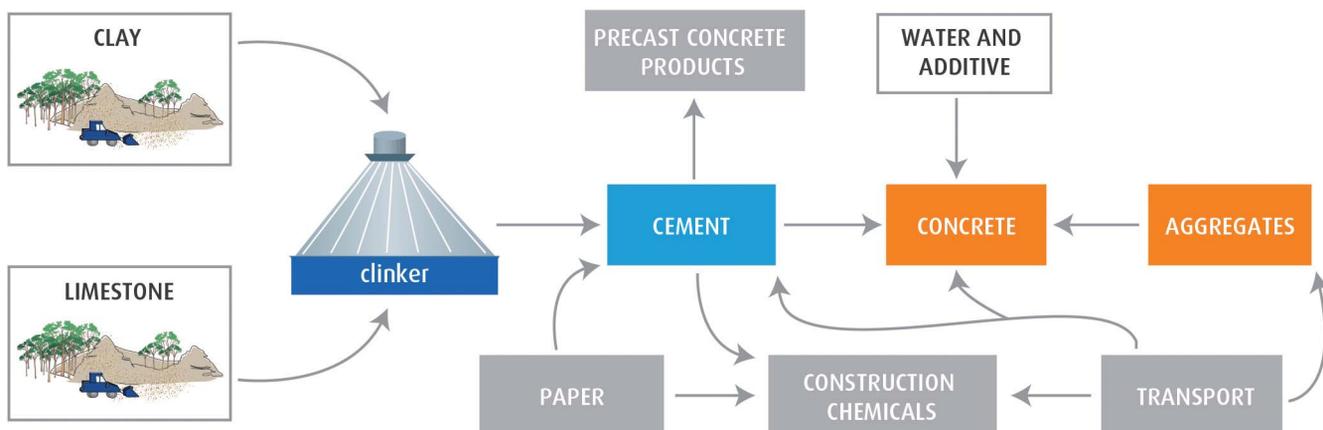
## 1.5. Description of businesses

The Group's three businesses are:

- Cement;
- Ready-mixed Concrete & Aggregates;
- Other Products and Services.

The following diagram shows the integration of the Group's various businesses.

### INTEGRATION OF THE GROUP'S BUSINESSES



**Cement:** cement is a hydraulic binder used in the manufacture of concrete; its raw materials are limestone and clay. In contact with water, the cement silicates and aluminates reorganize and form a crystalline structure, which gives concrete its strength (see the Glossary at the end of this Document).

**Ready-mixed Concrete:** the concrete is produced by mixing cement, aggregates, water and additives. Depending on the work for which it is intended and the environment to which it will be exposed, concrete is mixed, dosed and used specifically to meet precise quality and performance criteria.

**Aggregates:** aggregates are sands and natural gravels used in the construction of civil engineering works, public works and buildings. A significant quantity of these aggregates is used in the manufacture

of concrete, with the remainder being used in highway construction. The importance of products from the recovery and recycling of deconstruction waste is increasing year-on-year, a consequence of the Group's desire to help the environment and to be part of circular economy schemes.

**Other Products and Services:** the Group also operates in activities complementary to its three main businesses, which enables it to develop synergies, optimize costs and improve customer service. These activities are transport, construction chemicals, the production of paper and paper bags, and precast concrete products.

As at December 31, 2020, the Group employed 9,829 people worldwide, and recorded 66% of its consolidated sales revenues outside France.

The following table indicates the extent of the Group's business activities in each of the countries where it operates:

| Country       | Cement | Concrete & Aggregates | Other Products and Services |
|---------------|--------|-----------------------|-----------------------------|
| France        | ▼      | ▼                     | ▼                           |
| Switzerland   | ▼      | ▼                     | ▼                           |
| Italy         | ▼      |                       |                             |
| United States | ▼      | ▼                     |                             |
| Brazil        | ▼      | ▼                     |                             |
| India         | ▼      | ▼                     | ▼                           |
| Kazakhstan    | ▼      |                       |                             |
| Turkey        | ▼      | ▼                     | ▼                           |
| Egypt         | ▼      |                       |                             |
| Senegal       | ▼      | ▼                     |                             |
| Mali          | ▼      |                       |                             |
| Mauritania    | ▼      | ▼                     |                             |

#### Consolidated sales revenues by business segment in 2020

| <i>(in millions of euros)</i> | 2020         | %            |
|-------------------------------|--------------|--------------|
| Cement                        | 1,421        | 50.7         |
| Concrete & Aggregates         | 1,049        | 37.4         |
| Other Products and Services   | 334          | 11.9         |
| <b>TOTAL</b>                  | <b>2,805</b> | <b>100.0</b> |

The share of the Group's core business contributed by Cement, Concrete & Aggregates increased slightly in 2020 to 88.1% of consolidated sales revenues.

#### EBITDA by business segment in 2020

| <i>(in millions of euros)</i> | 2020       | %            |
|-------------------------------|------------|--------------|
| Cement                        | 415        | 74.5         |
| Concrete & Aggregates         | 121        | 21.7         |
| Other Products and Services   | 21         | 3.8          |
| <b>TOTAL</b>                  | <b>557</b> | <b>100.0</b> |

This breakdown should be read in light of the weighting of capital employed in each activity, see section 1.2. "Key figures" of this Document.

See section 5.2. of the Universal Registration Document for details of the financial position and results.

### 1.5.1. Cement

Cement manufacture is the Group's core business since the Company's foundation in 1853. Cement is a fine mineral powder and is the principal component of concrete, to which it imparts a certain number of properties and in particular its strength. It is a high-quality yet relatively inexpensive construction material used in construction projects worldwide.

As at December 31, 2020, the Group's worldwide Cement business comprised 16 cement plants and five clinker grinding plants. In France, the Group also operates two factories specializing in natural fast-setting cement. The Group's cement volume sales in 2020 (before intra-group eliminations) amounted to 25.0 million metric tons (compared with 22.4 million metric tons in 2019). In 2020, this segment thus accounted for 50.7% of the Group's consolidated sales revenues (48.2% in 2019) and 74.5% of the Group's EBITDA (70.9% in 2019).

#### 1.5.1.1. Products

The Group manufactures and markets various categories of cement, which are classified according to the chemical composition of their constituent raw materials, any addition of supplementary ingredients at the grinding stage, and the fineness of the product. Each cement range is appropriate for specific applications such as housing construction, civil engineering works, underground works, or the production of concretes subject to corrosive conditions.

The distribution between each type of application on a given market depends on the maturity and the construction practices of the country. The Group's cement factories manufacture conventional cements as well as cements for specific applications. In both cases, these cements are certified as compliant with the standards currently in force in the various countries where Vicat operates, in terms of both composition and designation.

**Natural quick-setting cement** has been added to these categories: a special quick-hardening cement, whose strength is immediately superior and increases gradually over time. For 160 years, the Group has produced its quick-setting cement from a natural alpine stone, with an exceptional performance offering immediate and high strength as well as low shrinkage. This cement is used for sealing blocks or plugging leaks, and for renovating exterior walls.

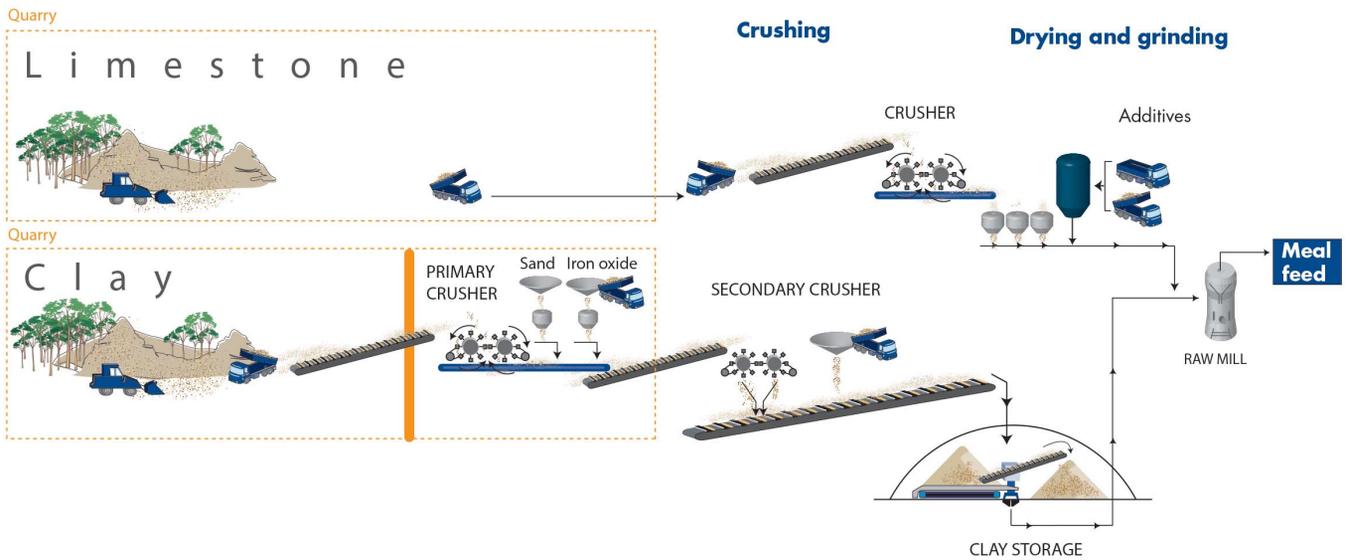
All these cements are checked regularly and thoroughly at each stage of the manufacturing process, thus guaranteeing compliance of the finished product with current standards. In addition, the Group conducts research and development programs on its products and their applications, advancing the knowledge of these products and optimizing their use (see section 1.7. R&D and innovation" of this Document).

1.5.1.2. Manufacturing methods

Cement is manufactured, in the dry process, mainly in four stages:

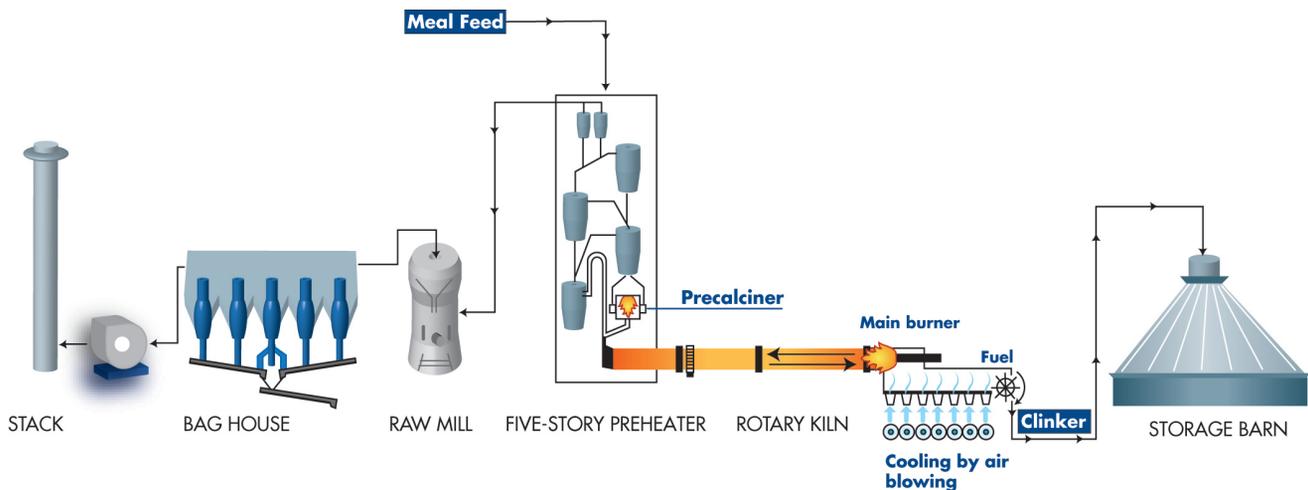
- extraction of raw materials: limestone and clay are extracted from quarries generally located near the cement factory. The rock is blasted out with explosives. The rocks and blocks obtained are then transported to crushers, in order to reduce their size and obtain stones less than 6 cm in diameter;

- preparation of the raw material: the materials extracted from the quarries (limestone and clay) are finely crushed until rock meals are obtained. These meals are then mixed in fixed proportions (approximately 80% limestone and 20% clay) before being fed into the kiln. The chemical composition and the homogeneity of the material on entry to the kiln, and its regularity over time, are fundamental elements in controlling the production process;



- the kiln system includes a heat exchanger cyclone tower, where the raw meal is introduced after being heated by the exhaust fumes from the revolving kiln (pre-calcination phase). The raw meal undergoes complex chemical reactions during this firing: first, limestone is decarbonated under the action of the heat at a temperature approaching 900 °C and is converted into lime, while clays are broken

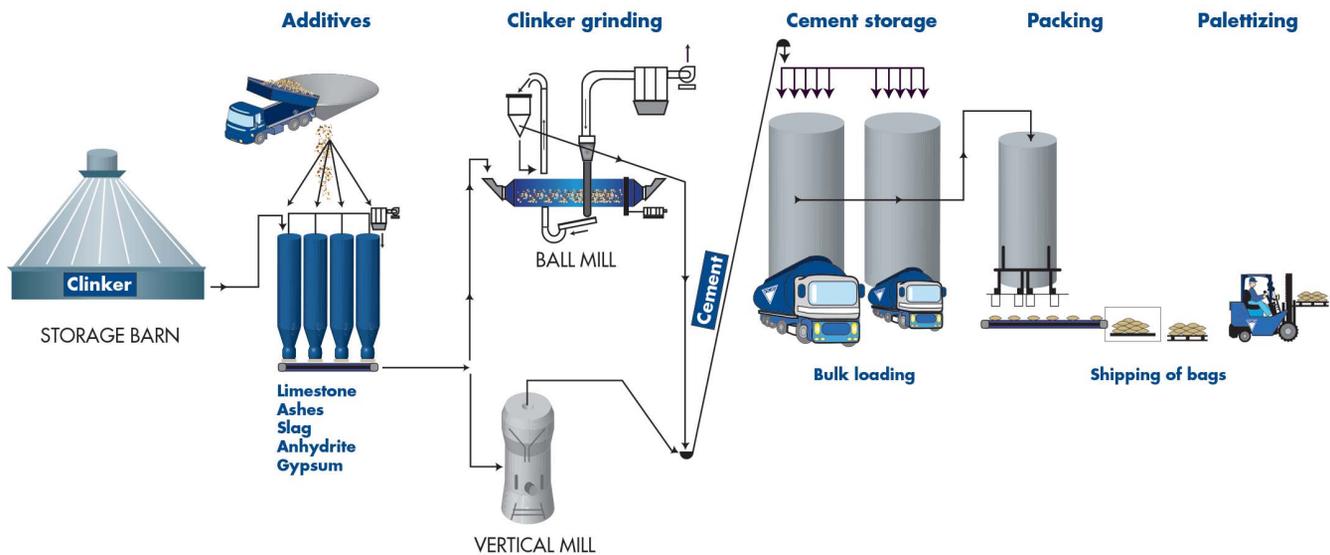
down into silicates and aluminates. The unit then recombines these at a temperature of approximately 1,450 °C into lime silicates and aluminates. This chemical process creates a semi-finished product called clinker, which has the properties of a hydraulic binder. This firing takes place in tilted revolving kilns lined with refractory bricks.



There is a large global trade in clinker, the semi-finished product. As this product is easier to transport and store, clinker transfers from areas with excess capacity to areas with under-capacity or to areas not having the mineral resources necessary for clinker manufacture have been developing over the years. This reduces the volume of the transported product compared with cement, thereby lowering logistics costs. Once it has reached the consumption market, clinker is delivered to grinding plants, which complete the cement manufacturing process up to packaging and distribution.

This method is particularly used by the Group in Italy, Mauritania and in Mali;

- at the final stage, clinker is ground very finely and limestone filler and gypsum are then added to obtain artificial cement, which can be sold in bags or in bulk. Gypsum and limestone filler are added in order to control the cement setting time. Depending on the quality of the cement, other additives may be included, such as fly ash, blast furnace slag or natural or artificial pozzolans.



There are three types of cement manufacturing processes, each characterized by the specific treatment of the raw materials before firing, namely the dry, semi-dry/semi-wet, and wet processes. The technology used depends on the source of the raw materials. The source and nature of the clay or limestone, together with the water content, are particularly important. In recent decades, the cement industry has invested heavily in a planned migration from the wet to the dry process, which consumes less energy, when raw material resources permit. Of the Group's 24 kilns currently in service, 23 are dry-process kilns.

The Cement manufacturing process is very energy-intensive, in terms of both electricity and thermal energy. Electricity is used for transporting the materials inside the factories for the crushing and grinding operations, while thermal energy is consumed mainly when firing the clinker. The cost of energy accounts for over 30% of the average ex-works cement cost price for the industry and is the primary expense item (this percentage being lower for the Group). In 2020, energy costs for the Group as a whole amounted to over € 300 million. The Group allocates a significant part of its industrial investment to improving its energy productivity.

The Group optimizes its energy requirements by using waste as alternative fuel to fossil fuels (coal, gas and oil). The combustion of this waste in a clinker kiln makes it possible to recover and use the energy released. All the Group's French factories have obtained agreement

from the inspecting authorities to use non-hazardous industrial waste or landfill waste (tires, animal meal, industrial oils, etc.) as fuel. The Group gives priority to multi-fuel factories capable of switching between different kinds of fuels according to fuel price. In 2020, the share of alternative fuels in the Group's Cement manufacturing business was 25.8% on average (compared with 26.5% in 2019 and 25.6% in 2018), with significant variations (from 0% to 90%) depending on the availability of fuels in the countries where Vicat operates.

For further information on alternative fuels, see section 1.6. "Climate issues" and section 2.1.1. "The circular economy and waste recovery" in the Statement of Extra-Financial Performance included in this Document.

The Group also uses clinker replacement materials produced by other industrial processes, such as fly ash (derived from the burning of coal in power plants) or blast furnace slag (which is a by-product from steel works). The use of such materials in defined proportions can improve certain properties of the cement and reduce the amount of clinker and thus the amount of fossil fuel needed for its manufacture. Also refer to section 2.1.2. "Decrease of the clinker rate in cement" in the Statement of Extra-Financial Performance included in this Document.

### 1.5.1.3. Operating sites and production equipment

The Group manufactures cement in all 12 countries where it operates.

The Group is present in France with strong positions in the eastern half of the country and particularly in the south-eastern quarter. The Group has also developed solid positions in the United States in the south-eastern states (Alabama, Georgia) and in California, in Switzerland in the western and central half of the country, in Turkey in Central Anatolia,

in Egypt, in the region of Sinai and Cairo. The Group also estimates that it has a leading position in Senegal and the countries bordering it. In addition, the Group has a grinding plant and shipping terminals in Italy and grinding plants in Mali and Mauritania. Finally, by establishing facilities in Kazakhstan, in the Indian states of Karnataka and Andhra Pradesh and in the Brasilia region of Brazil, the Group confirms its geographic diversification and its international dimension.

The table below shows the Group's various cement production sites in France and abroad:

| Country              | Production capacities | Sites  | Key dates  |
|----------------------|-----------------------|--|--|
| <b>France</b>        | <b>4.6 MT</b>         | Montalieu (1 dry-process kiln)               | The Group's main cement factory in France, first built in 1922.  |
|                      |                       | La-Grave-de-Peille (1 dry-process kiln)      | Built in 1929, the La Grave-de-Peille factory is the Group's second-largest cement factory in France.  |
|                      |                       | Créchy (1 dry-process kiln)                  | Built in 1968. This cement factory is located near Vichy.  |
|                      |                       | Xeuilley (1 semi-wet process kiln)           | Acquired in 1969, during the cement industry's restructuring period.   |
|                      |                       | Saint-Egrève (1 dry-process kiln)            | Acquired in 1970. This factory is located in South-East France, in the Rhône-Alpes region.   |
| <b>Switzerland</b>   | <b>0.9 MT</b>         | Reuchenette (1 dry-process kiln)             | The acquisition of Vigier in 2001 allowed the Group to expand its presence in Europe.  |
| <b>Italy</b>         | <b>0.5 MT</b>         | Oristano (grinding mill)                     | Acquired in 2003, Cementi Centro Sud is the owner of a grinding mill in Sardinia and has two shipping terminals in Taranto (in Apulia) and Imperia (near Genoa).   |
| <b>United States</b> | <b>2.6 MT</b>         | Ragland (1 dry-process kiln)                 | The 1974 acquisition of this cement factory in Alabama marked the first step in the Group's international development.   |
|                      |                       | Lebec (1 dry-process kiln)                   | In 1987, the Group reinforced its presence in the United States with the acquisition of this factory near Los Angeles in California.   |
| <b>Brazil</b>        | <b>3.2 MT</b>         | Brasilia (3 dry-process kilns)               | A majority interest in Ciplan (Cimento do Planalto) was acquired in January 2019. The company has a modern cement factory next to Brasilia.  |
| <b>Turkey</b>        | <b>4.8 MT</b>         | Konya (2 dry-process kilns)                  | This factory, acquired in 1991, is located in the southern portion of the Anatolian plateau.   |
|                      |                       | Bastas (2 dry-process kilns)                 | This cement factory, acquired in 1994, is located in central Turkey, near the country's capital, Ankara.   |
| <b>Egypt</b>         | <b>3.6 MT</b>         | El Arish (2 dry-process kilns)               | At the beginning of 2003, the Group took a strategic holding in the Sinai Cement Company, owner of a cement factory built in 2001, located 40 km from El Arish port.                                     |
| <b>India</b>         | <b>8.5 MT</b>         | Chatrasala (1 dry-process kiln)              | Kalburgi Cement (formerly Vicat Sagar Cement) built a greenfield plant in northern Karnataka. This cement factory, with a capacity of 3 million metric tons, began production at the end of 2012.        |
|                      |                       | Kadapa (2 dry-process kilns)                 | In April 2010, the Group acquired 51% of the company Bharathi Cement. This company had a plant with 2.5 million metric tons of capacity, which was raised to 5.5 million metric tons by the end of 2010. |
| <b>Kazakhstan</b>    | <b>1.6 MT</b>         | Mynaral (1 dry-process kiln)                 | In 2007, the Group acquired a special-purpose company established to build a cement factory 400 km north of Almaty. The factory came on stream at the start of April 2011.                               |
| <b>Senegal</b>       | <b>3.4 MT</b>         | Rufisque next to Dakar (3 dry-process kilns) | In 1999, the Group took over Sococim Industries, which operates a cement factory near the capital, Dakar.  |
| <b>Mali</b>          | <b>0.8 MT</b>         | Diago next to Bamako (grinding mill)         | After a first facility established in 2004, Ciments et Matériaux du Mali invested an 800-thousand-metric ton-capacity grinding mill which was commissioned in late 2019.                                 |
| <b>Mauritania</b>    | <b>0.5 MT</b>         | Nouakchott (grinding mill)                   | Since 2008, the Group has held a majority stake in the share capital of Mauricim, which operates a cement grinding mill near the Mauritanian capital.  |

This represents a **total production capacity of 35 million metric tons**.

Section 1.7. “Overview of Group performance and markets” of the Universal Document Registration rounds out this presentation by providing information for each country.

Cement manufacturing is a highly capital-intensive industry, requiring significant investments. The cost of building a cement factory generally amounts to between € 150 million and € 300 million per million metric tons of capacity, depending on the type of work, the production capacity planned and the country where it is built. The Group takes care to maintain its production facilities at a high level of performance and reliability. Accordingly, it has regularly invested in new equipment, giving it the benefit of the latest proven and recognized technologies, and has thus in particular steadily improved the energy balance of the installations. The choice of leading international suppliers is also in line with the Group’s policy of industrial excellence intended to give priority to quality, durability and performance of the equipment.

In most cases, the Group owns the land on which its cement factories are built. The Lebec cement plant has a lease granted in 1966 for a term of 99 years with 45 years remaining. In addition, except for some vehicles (such as loaders, trucks and wagons), the Group generally has full ownership of its production equipment.

The Group controls and manages the clay and limestone quarries whether by owning the land it exploits, or through renewable mining rights agreements for terms of between 10 and 30 years according to country, or again through concessions granted by the state, which offer both possession of the land and the right to exploit it. These concessions are also renewable periodically.

From the outset of its quarry operations, the Group takes into account the constraints of restoring its sites. For details, see paragraph 2.3.3. “Quarry rehabilitation” in the Statement of Extra-Financial Performance in chapter 2 of this Document.

#### 1.5.1.4. Competitive position

A trend toward concentration has occurred in recent decades, first in Europe, then in the United States, followed by the rest of the world, leading to the emergence of powerful global players. Nevertheless, the worldwide cement industry remains fragmented: in 2018, the world leader had a global market share of around 9%<sup>(1)</sup>.

Markets are therefore subject to strong competition, and the Group faces competition from both domestic cement manufacturers such as Oyak in Turkey, Cimements du Sahel in Senegal, UltraTech in India, or Steppe Cement in Kazakhstan, as well as with multinational cement manufacturers such as LafargeHolcim (Switzerland), Cemex (Mexico) and HeidelbergCement (Germany). These companies operate in a number of the Group’s markets.

As cement is a heavy product and expensive to transport, the operating range of most cement factories does not generally exceed 300 km by road. Competition thus plays out mainly with cement manufacturers having factories in the Group’s marketing zones. Except in the case of cement factories with sea or river access, able to ship their cement over long distances at low cost by boat, or by rail in some countries such as India or Kazakhstan, the cement market remains local.

As mentioned in section 5.4. “Investments” of the Universal Registration Document, this activity is also highly capital-intensive and the construction of new capacities must necessarily rely on effective land control of significant high-quality quarry reserves, the ability to obtain operating permits, the existence of available energy sources, and the presence nearby of a large and growing market.

Moreover, cement players active in a local market should be able to provide their customers with continuous services, in all circumstances, and with products of consistent quality that meet their expectations as well as applicable standards.

#### 1.5.1.5. Customers

The profiles of customers are similar in most areas in the world where the Group is established. Customers are either general contractors, such as concrete mixers, manufacturers of precast concrete products, contractors in the construction and public works sector, local authorities, residential property developers or master masons, or intermediaries such as construction material wholesalers or retail chains. The relative significance of one type of customer, however, can vary considerably from one country where Vicat operates to another according to the maturity of the market and local construction practices.

In addition, cement is sold in bulk or in bags. Depending on the level of development in the country of operation. Accordingly, as ready-mixed concrete is a very mature sector in the United States, in this market the Group primarily sells its cement in bulk and mostly to concrete mixers. Conversely, in Senegal, which has yet to develop a Ready-mixed Concrete sector, the Group sells its cement primarily in bags to wholesalers and to retailers.

#### 1.5.2. Ready-mixed Concrete (BPE)

Ready-mixed concrete, in which cement is a main component, is an essential material in today’s construction projects.

Ready-mixed Concrete activities have been established in each of the countries where Vicat operates through the acquisition or formation of many companies. The Group initially developed its Ready-mixed Concrete business in France during the 1980s, through direct investments in companies. The Group then pursued its goal of vertical

(1) Source: Global Cement Report.

integration by selective acquisitions of companies, firstly in the markets served by its Cement business, and secondly by developing its production facilities in its existing locations.

The Group operated 258 concrete batching plants in six countries at the end of 2020, and its companies sold more than 9.3 million m<sup>3</sup> of concrete during the year.

### 1.5.2.1. Products

Concrete's main qualities are its strength under compression, its durability and rapid setting time, together with its ease of pouring and handling under varied weather and construction conditions. The qualities and performance of a concrete can be obtained and guaranteed only if the physico-chemical formulation of the concrete and its production cycle are adhered to rigorously. For perfect formulation of concrete, the various components must be precisely proportioned in a given order and at a given rate, and these materials must then be mixed continuously and uniformly. These production constraints explain why concrete manufactured in a batching plant is of a superior quality and uniformity to any concrete mixed manually or in a concrete mixer. This is the reason for the growth of ready-mixed concrete, which guarantees compliance with the standards laid down in construction work specifications.

The Group offers a broad range of concretes, ranging from standard concrete to special concretes, developed for specific applications by its research & development laboratory, thus meeting its customers' needs and constraints.

The Group's research & development laboratories design innovative concrete for new applications or ease of use. See section 1.7. "R&D and innovation" of this Document for further details.

### 1.5.2.2. Manufacturing methods

Concrete is obtained by mixing aggregates, cement, chemical additives and water in various proportions in batching plants to produce ready-mixed concrete. A concrete batching plant consists of silos (for cement, sands and fine gravels), storage tanks for the various additives, and a mixer. In the United States the mixing of the concrete usually takes place in the mixer truck, unlike in other countries where this operation occurs at the plant, before it is dispatched.

The proportions of cement and aggregates (sands and fine gravel) can vary, chemical additives (such as plasticizers, setting retardants or accelerants) can be added, and a part of the cement can be replaced by derivatives such as fly ash or slag, in order to obtain the concrete properties sought by the customer. Significant technical expertise and demanding quality control is therefore essential to handle the many construction factors to be taken into account by the Group's customers, such as setting time, suitability for pumping, pouring the concrete, weather conditions, shrinkage and structural strength.

The qualities and performances of a concrete can be guaranteed only if the formulation is very precise and its production cycle rigorously adhered-to. The dosage of water, in particular, must be precise and the materials must be mixed continuously and uniformly. To meet all these constraints, the Group's concrete batching plants have been largely automated, in order to guarantee precision in the process.

The concrete prepared in the batching plant is loaded by gravity into a mixer truck, which delivers the concrete to the customer. Depending on the country, the Group either operates its own fleet of mixer trucks or uses subcontractors, to whom it subcontracts ready-mixed concrete deliveries. Delivery logistics are an essential aspect when manufacturing concrete because of its limited setting time. A significant portion of ready-mixed concrete is pumped from the mixer truck to the point of placement at the construction site. This delivery approach is made possible by pump trucks, a number of which are owned or leased directly by the Group (in particular in France by its subsidiary Delta Pompage).

Raw material prices vary considerably according to the national markets in which the Group operates. In general, raw materials account for approximately 70% of the total production costs of concrete delivered. Cement represents, overall, more than half of this cost. Delivery is the second-largest component of the cost, at approximately 20% of the total. A significant portion of the cement and aggregates used in its concrete batching plants is supplied by the Group.

In France, the technical sales team of the Group's Ready-mixed Concrete business enjoys the collaboration of Sigma Béton, a key unit of the Louis Vicat Technical Center, specializing in the Ready-mixed Concrete, Aggregates and road products sectors, and certified ISO 9002 for the formulation, analysis and audit of aggregates, cement and concrete.

### 1.5.2.3. Operating sites and production equipment

The Group has vertically integrated its operations in France, Switzerland, the United States, Brazil, Turkey and Mauritania, and has operations in its Cement and Ready-mixed Concrete businesses in these countries.

As at December 31, 2020, the Group operated 258 concrete batching plants, located near its principal cement production sites, forming regional networks in order to supply construction sites and urban centers:

- France: 147 concrete batching plants;
- Switzerland: 18 concrete batching plants;
- Brazil: 11 concrete batching plants;
- United States: 44 concrete batching plants;
- Turkey: 37 concrete batching plants;
- Mauritania: 1 concrete batching plant.

These batching plants are located near the places where the concrete is used since, in view of the setting times, concrete prepared in a batching plant must be delivered to the pouring site within one and a half hours at the most. The operating range of a batching plant is generally between 20 and 30 km, depending also on traffic conditions in the area.

The majority of the concrete batching plants are fixed, although the Group also uses a certain number of mobile systems that are installed on its customers' construction sites (generally the largest ones), according to customers' needs.

#### 1.5.2.4. Competitive position

Since barriers to entry are not high, the ready-mixed concrete market is very fragmented, with a number of large players, from cement manufacturers and international industrial groups to independent operators.

#### 1.5.2.5. Customers

Ready-mixed concrete is sold mainly to construction and public works contractors, from major international construction groups to house building companies, farmers or private individuals. The concrete batching plants fulfill scheduled work contract orders and immediate delivery requests.

### 1.5.3. Aggregates

The Ready-mixed Concrete & Aggregates businesses are managed within the same segment, because of the similarity of their customers and the Group's vertical integration policy.

The Group sold 22.7 million metric tons of aggregates in 2020, produced by its 75 quarries.

#### 1.5.3.1. Products

Aggregates (sands and gravel), which are the principal raw materials consumed in the world after water, are natural materials used in the manufacture of concrete, masonry and asphalt. They are also the basic materials for building roads, infill and structures.

There are two main product categories: those from crushed rocks (solid rock) and those from natural gravel and sand (alluvial). This is in addition to recycled materials from demolitions, the share of which is growing every year in order to save natural resources.

Local geology determines the types of aggregates available in a given market. The products differ in physical and chemical composition, particularly in their size, hardness and color. They are generally designated by their minimum and maximum diameters:

- massive rocks are extracted from limestone, granite, porphyry, etc. The most common materials obtained are gravels (0-100, 0-80, 0-31, 0-20), aggregates (0-4, 4-6, 6-10, 10-14, 10-20), ballast and boulders. These materials are mainly intended for earthworks, for the manufacture of bituminous mix, blocks or breeze blocks, and increasingly for manufacturing ready-mixed concrete;

- sand and limestone or sand-lime gravel are extracted from ancient sedimentation of river or glacial deposits, and supply concrete batching plants, bituminous mix plants and construction or public works sites. Materials produced are sand, fine gravel, rolled or crushed gravel primarily intended for precast concrete products, public construction, plasters and the preparation of bituminous mix.

#### 1.5.3.2. Manufacturing methods

Aggregates can come from solid or alluvial rock:

- solid rock: the rock is blasted out with explosive before being crushed, sifted and then washed. Crushers are used to reduce the large rocks to a finer gravel. Processing is completed by sifting the material to sort the various "cut-offs" and recycle the coarse particulates. From the beginning of a project, solid rock quarry operations take integration with the environment into account during operations, and the future of the site once the quarry is closed;
- alluvial rocks: these rocks derive from the sedimentation of river or glacial deposits. They can be operated out of water, in 5 to 8 meter high steps, or in water using dredgers or dragline buckets. Extracted gravel is conveyed to processing facilities by conveyor belts or dumpers, or by boat, geography permitting. In some cases, some of the processing can take place directly in the dredger. The transported product is then washed, sifted and crushed to achieve the desired size.

The wash water is processed using hydrocyclone separation to recover usable fine particulates. This water is then clarified to be fully reused during the process. Residual clay can be used to reconfigure the quarry, as embankments or as an agricultural sub-layer. A wide range of site configuration options is available following closure of the quarry: sports field (lawn, track, etc.), industrial platform, restoration as agricultural or forested land, plantings on the slopes, wetlands and so forth. If bodies of water were created, they can be used for fishing, boating or an environmental project.

The production of aggregates requires heavy equipment in a quarry, for handling both solid rock and alluvial rock. The quarrying and grinding of solid rock requires the use of loaders, transport equipment and crushers. Alluvial rock is extracted using dredges. Aggregates on the processing site are generally transported using conveyor belts.

#### 1.5.3.3. Operating sites and production equipment

The Group's strategy for its Aggregates business in France and in Switzerland is to concentrate on the regions where it already has a presence in the Ready-mixed Concrete business. The Group regularly acquires quarry owners in the aggregates industry or directly establishes operations at new sites.

In other countries, the aim is to round out the Group's offerings to its customers, especially where local requirements are not adequately met and where there is promising growth potential.

As at December 31, 2020, the Group operated 75 quarries:

- France: 45 quarries;
- Switzerland: 19 quarries;
- Brazil: 2 quarries;
- Turkey: 5 quarries;
- Senegal: 3 quarries;
- India: 1 quarry.

Extractions are performed on land which the Group owns or over which it has long-term operating rights, and for which it has obtained the necessary licenses. In addition, the Group maintains the level of its reserves through acquisitions and by obtaining new extraction licenses. Finally, management of the quarries takes into account the vital need to restore the sites. This policy is described in detail in the Statement of Extra-Financial Performance in chapter 2.3.3. "Quarry rehabilitation" in this Document.

The industrial plant comprises heavy equipment such as loaders, haulage machines, crushers and other equipment such as dredgers or draglines. With the exception of some vehicles held under leases or finance leases agreements, the Group generally owns this equipment.

#### 1.5.3.4. Competitive position

The aggregates market is generally fragmented into many local markets. The various participants are regional or national quarry operators, firms in the construction and public works sector which are vertically integrated, together with international industrial groups supplying construction materials.

The Group gives priority to operating quarries located near the consumption markets, so as to optimize its production costs. This approach facilitates access to customers and reduces transport costs.

#### 1.5.3.5. Customers

The Group sells a portion of its aggregates to ready-mixed concrete manufacturers, in the form of either intra-group or external sales. Other customers include manufacturers of precast concrete products, contractors in the public works and road construction sectors, either for their asphalt plants or as infill, construction contractors, but also farmers or private individuals for various purposes.

#### 1.5.4. Other Products and Services

In France, Switzerland, Turkey and India, the Group also has operations in activities complementary to its main businesses. These activities are transport, construction chemicals, the production of paper and paper bags, and precast concrete products.

Operations in the Group's Other Products and Services segment are described in section 1.7. of the Universal Registration Document.

## 1.6. Climate issues

The Vicat Group considers climate change issues as a core component of its strategy. Well aware of its impact on CO<sub>2</sub> emissions, the Group has focused its research and development effort on the major challenge of reducing CO<sub>2</sub> emissions.

Among the Group's activities, cement production is the main source of carbon dioxide.

### 1.6.1. Sources of CO<sub>2</sub> emissions

CO<sub>2</sub> linked to cement comes from several sources, in particular (see diagram below):

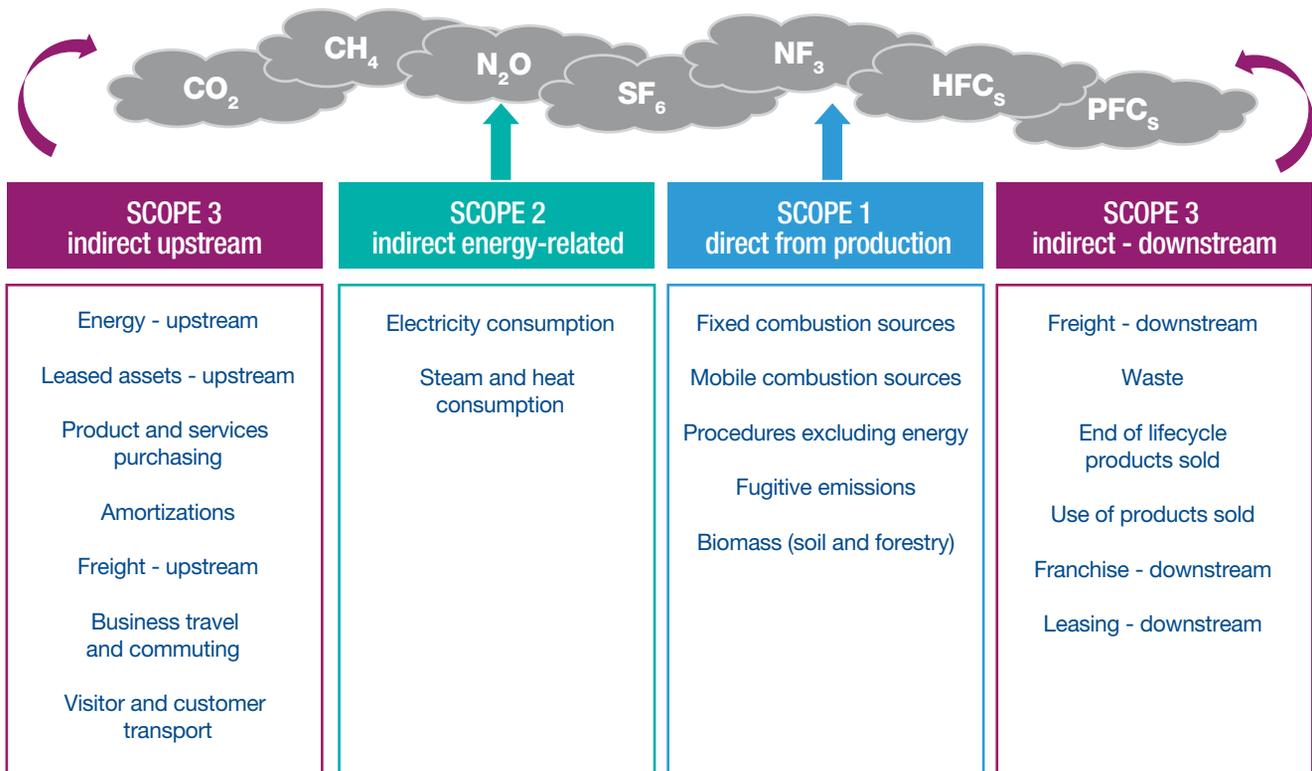
#### Direct emissions

- Burning fossil fuels to produce the high kiln temperatures needed to fire the raw materials. This item "fixed sources of combustion" represents approximately 40% of Scope 1 emissions;

- In the decarbonation of carbonates, especially limestone, during firing. This item "non-energy processes" represents approximately 60% of Scope 1 emissions.

#### Indirect emissions

- From "electricity consumption" in particular for mechanical grinding upstream and downstream from firing. The electricity consumed in Scope 2 is equivalent to approximately 15% of the thermal energy consumed in Scope 1;
- From "transport of goods" (Scope 3, upstream and downstream), highly variable depending on the source of the materials and destination markets. The Vicat Group sources its materials locally and sells into nearby markets in the same territories as the integrated factories.



## 1.6.2. The Vicat Group's commitments

Vicat has already reduced its CO<sub>2</sub> emissions in France (historical scope) by 15% per metric ton in 2020 compared with 1990. The net specific emissions were only 657 kg of net CO<sub>2</sub> per metric ton of cement at the time.

The Group has made a commitment to cut emissions across its whole current consolidation scope to 540 kg of net CO<sub>2</sub> per metric ton of cement by 2030, using available technologies, i.e. a reduction of 13% compared with 2019. In France and Switzerland, countries subject to ETS regulations, the CO<sub>2</sub> ratio reached 523 kg per metric ton of cement in 2020. The Group is targeting 430 kg by 2030 for these two countries, which are a benchmark of best practices for the rest of the countries where it operates.

The Group aims to be carbon neutral over its whole value chain by 2050, but this will require disruptive technologies for Carbon Capture and Usage/Storage (CCUS) that are as yet unproven and will significantly impact its production cost.

## 1.6.3. Strategies for reducing CO<sub>2</sub> emissions

The main focuses of innovation for reducing the CO<sub>2</sub> footprint of our activities are the following:

### In the cement manufacturing process

- Energy (efficiency, production of low carbon and green heat and electricity, significant reduction in the use of fossil fuels);
- Reduction of the clinker rate;
- Reuse of materials and waste energy through the circular economy;
- CO<sub>2</sub> capture during clinker production.

The Group also intervenes in the value chain downstream of its operations in the following areas:

### In concrete manufacturing

- Reduction of the level of cement in concrete;
- The integration of biosourced materials such as hemp or wood aggregates.

### In construction

- Reduction of the amount of concrete in construction;
- Biomimicry in architecture;
- The right concrete in the right place;
- Use of 3D printing;
- The concentration of performance per cubic meter of concrete to limit the quantity of concrete.

### In the use of concrete

- Extending of the lifetime of the works;
- Multiple uses;
- Functionalization of structures;
- Natural recarbonation of concrete (carbon sinks).

### End-of-life of concrete

- Recyclable concrete;
- The recovery of demolition concrete through its forced and accelerated recarbonation, concrete being a natural carbon sink.

### During transport

- Green mobility (low-carbon electricity, biomethane, hydrogen, biodiesel).

The Vicat Group takes into account a CO<sub>2</sub> cost of 50 euros/metric ton in its internal economic analyses (notably budgets, long-term plans and investment decisions). This price may be revised between now and 2030 based on expectations of future price trends.

### 1.6.4. Vicat's actions to lower the carbon intensity of its activities

#### Impacts of the Group's actions in numbers

| Years  | 1990   | 2010    | 2020                    | 2030                                |
|--|--------|---------|-------------------------|-------------------------------------|
| <b>REDUCTION OF NET SPECIFIC EMISSIONS PER METRIC TON OF CEMENT</b> (kg CO <sub>2</sub> /tEQ)    |        |         |                         |                                     |
| France scope   | 657    | 617     | 555                     | - i.e. -15.5% between 1990 and 2020 |
| Current scope of consolidation   | -      | -       | 620                     | 540 i.e. -13% between 2019 and 2030 |
| <b>REDUCTION OF THE CLINKER RATE</b> (%)   |        |         |                         |                                     |
|  | -      | -       | 81.6%                   | 75%                                 |
| <b>USE OF ALTERNATIVE FUELS</b> (% fossil fuel alternatives)                                     |        |         |                         |                                     |
|  | 7%     | 14%     | 25%                     | 40%                                 |
| metric tons of coal avoided per annum  | 37,000 | 268,500 | 699,800                 | 963,000                             |
| metric tons of CO <sub>2</sub> avoided per annum   | 10,500 | 251,000 | 720,000                 | 1,000,000                           |
| <b>PAPETERIES DE VIZILLE: INSTALLATION OF BIOMASS BOILER</b> (low-carbon heat production in MWh) |        |         |                         |                                     |
|  | -      | -       | 43,200                  | 45,000                              |
| <b>LOW-CARBON AND GREEN ELECTRICITY PRODUCTION</b> (MWh)   |        |         |                         |                                     |
|  |        |         | 5% of total consumption | 20%                                 |
| Switzerland and Papeteries de Vizille (hydroelectric)  | -      | -       | 25,496                  |                                     |
| India (Waste Heat Recovery System)   | -      | -       | 77,123                  |                                     |
| India and Senegal (photovoltaic power plants)  | -      | -       | 21,618                  |                                     |

#### 1.6.4.1. Energy efficiency

The latest developments in production processes are integrated in new production tools. The Group conducted a regular policy for investment to modernize its productive tools and implement the latest technologies. The 2010 Performance Plan, initiated in 2007, allowed the Group to modernize all cement manufacturing processes, involving significant investment during this period.

As a recent example, the Group installed roller presses to reduce electricity consumption by 30 to 50% compared with the ball mill grinder, as part of raw meal and cement grinding operations in India, Brazil, Turkey and Senegal.

In the future, the Group plans to continue this strategy; thus, the new clinker production line at the Ragland factory in Alabama, ordered at the end of 2019, for commissioning in the beginning of 2022, will use the latest technology to rapidly achieve 60% alternative fuel use, eventually rising to 100%. No coal raw mill has been ordered with this new equipment.

#### 1.6.4.2. Low-carbon electricity production

Low-carbon electricity is now being generated in India using the heat from industrial processes called the WHRS (Waste Heat Recovery System). Power generated by the WHRS at the Kadapa plant in India, launched in late 2019, will supply more than 20% of its needs over a full year. The WHRS at the Kalburgi plant, installed and operational in 2012, was already meeting 20% of the plant's total requirements in 2020.

Photovoltaic power plants in India and Senegal will also provide a portion of the electricity consumed. The photovoltaic plants at Kadapa in India, which launched at the end of 2019, and Rufisque in Senegal, which launched at the end of 2020, will produce more than 5% of each plant's needs on a full-year basis.

The electricity used by the Vigier subsidiary in Switzerland is guaranteed as being 100% hydro-generated.

#### 1.6.4.3. Reduction of fossil fuel use (Group objective: alternative fuel use of more than 40% in 2030 including 15 points from biomass)

Installations for storing and dosage of waste for material and energy recovery have been set up in all countries where the Group operates. The doubling of the capacity of the refuse derived fuel (RDF) treatment plant in Turkey in 2020 is part of this approach. The Group aims for 100% alternative fuel use in the factories in France and Switzerland before 2025 by focusing on waste from biomass. It is a recognized expert in this field.

#### 1.6.4.4. Reduction of clinker rate in cement (Group Objective: a clinker rate in cement below 75% in 2030)

To replace clinker, Vicat promotes the use of waste material or co-products whose carbon content is established or poses no risk of future CO<sub>2</sub> allocation and whose availability is guaranteed in the medium- and long-term.

This choice favors the use of limestone filler, natural pozzolan and thermally-activated clays. As a result, the use of blast furnace slag (potential CO<sub>2</sub> load between 100 kg CO<sub>2</sub> and 1,600 kg CO<sub>2</sub> per metric ton of slag depending on economical, physical, or mass allocation) and fly ash (resulting from coal combustion in the coal power plants) is not considered by the Group to be a sustainable solution.

In France, Vicat markets Naturat cement using 20% natural pozzolans (similar experiments conducted by the Group in Italy and Turkey).

In France, the Group formed a partnership with 2170, a company that has a mixing tool and expertise in the use of micronized limestone filler to reduce the clinker rate.

In 2019, Vicat launched a plan for the partial replacement of clinker in several countries by thermally-activated clays and limestone filler according to the conclusions of the R&D work carried out since 2011 (two patents and one thesis with the *Ecole centrale de Nantes*) as well as the conclusions of the LC3 project of the *Ecole polytechnique fédérale de Lausanne* in Switzerland. It should be noted that thermally-activated clays have been used in Brazil since 2009 in Ciplan's Brasilia factory, giving the Group experience in this area. The ARGILOR project, including a thermal activation facility for clays at the Xeuilley site in France, is one of the first sixteen winners of the France Relance plan for actions to promote decarbonation in the industry. The ARGILOR project will ultimately reduce the Xeuilley site's CO<sub>2</sub> emissions by around 48,000 metric tons each year, *i.e.* a reduction of around 16% at this site.

#### 1.6.4.5. Circular economy

The circular economy, also addressed in chapter 2.1.1., has been a reality for several years in the Vicat Group. It allows the reuse of excavated soil (soil remediation), the recycling of demolition materials, and the replacement of fossil fuels by alternative fuels. In 2020, the use of alternative fuels allowed to avoid the equivalent of 700,000 metric tons of coal and reduced CO<sub>2</sub> emissions by increasing the proportion of biomass fuels.

The Vicat Group is also involved in the reuse of waste from demolition and earth moving. Vicat therefore deploys resources and uses concrete recycling platforms for the production of roadbase materials and the reuse of concrete, in France and Switzerland in particular. In France, through the brand VICAT CIRCUL'ERE, the Group recovers excavated soil from urban and industrial brownfields thus offering an alternative to landfilling while preserving natural resources.

In 2020, Vicat joined forces with Serfim Recyclage, a specialist in the environment, to take over the Refuse Derived Fuels (RDF) activity of Sibuet Environnement. Located in Chamoux-sur-Gelon (France), this production plant will continue to operate under the name of Bioval. This alliance with Serfim Recyclage makes it possible to sustain the supply of alternative fuels to the Vicat cement plants in Montalieu-Vercieu and Saint-Egrève and thus eliminate the use of carbon-based fossil fuels. After the successful launch of Terenvie in 2018, this new collaboration with Serfim strengthens existing synergies in the service of the circular and low-carbon economy.

Vicat is very involved in the national Recybéton project (recycling of demolition concrete in concrete manufacturing) as well as in the European project Seramco (Secondary Raw Materials for Concrete Precast Products), substituting raw materials with high quality waste from construction and demolition such as concrete, bricks, tiles and ceramics.

#### 1.6.4.6. Capture of CO<sub>2</sub> emitted in production

According to various scientific publications, 25% of CO<sub>2</sub> emitted in cement production is directly captured by the concrete during its life cycle from construction to demolition.

After demolition, the concrete still has a significant CO<sub>2</sub> trapping potential. It is possible to bring the rate of CO<sub>2</sub> trapping from decarbonation to more than 50%. In France, with other cement company partners, in the concrete industry and Université Gustave Eiffel (formerly IFSTTAR), Vicat is actively involved in the Fastcarb project. This project aims to validate simple technological solutions using cement's natural carbon trapping potential by creating, in 2019, a pilot factory at its Créchy site in the Allier department in France.

Vicat is working on several other CO<sub>2</sub> capture projects.

- Installation in 2020, at the Montalieu-Vercieu site, of a pilot scheme to produce microalgae using hot gases and CO<sub>2</sub> from the kiln exhausts, in partnership with Université de Nantes, the company Algosource technologies and Total.
- Participation in the Catch4Climate project in partnership with the European cement companies Buzzi Unicem-Dyckerhoff, HeidelbergCement AG, SCHWENK Zement KG in the specially-created research company, CI4C (Cement Innovation for Climate), whose objective is to build a pilot industrial company in Europe to demonstrate the feasibility of Oxyfuel technology.

This technology should make it possible to concentrate the CO<sub>2</sub> in kiln gases at more than 85% (compared with 15% to 20% currently) and so limit the cost of CO<sub>2</sub> capture.

- In addition, the Group is actively involved in the deployment of low-carbon hydrogen. Hydrogen can be used as a molecule for recovering the captured CO<sub>2</sub>, in the form of methane, methanol, etc., or for heavy mobility for our territories and our own captive fleet. Vicat has thus become a shareholder in GENVIA, a consortium formed with Schlumberger, CEA, Vicat, Vinci and AREC (*Agence régionale énergie climat*) for the construction of a new-generation electrolyzer manufacturing plant, which will significantly increase yields in the production of decarbonated hydrogen.

## 1.7. R&D and innovation

The Group's research resources, housed in the Louis Vicat Technical Center at L'Isle d'Abeau near Lyon in France, are focused on innovation, development and product follow-up.

This center, opened in 1993, is located in the heart of the Auvergne-Rhône-Alpes region near the historical establishments of the Group in Grenoble, and its iconic cement plant at Montalieu, in the Isère department. A team of 90 research scientists, engineers and technicians works in three different laboratories:

- the materials and microstructures laboratory, which investigates the properties of materials and formulates new binders/cements;
- the Sigma Béton laboratory, which formulates and maintains quality control objectives for concrete and aggregates;
- the construction industry product formulation laboratory, which develops innovative compounds for interior building works.

The main themes of research and development are to anticipate or respond to the specific demands of the Group's customers in a rapidly-changing market, guided by the following concerns:

- the environmental challenges faced by the planet, which lend added urgency to the Group's decade-long drive to reduce its carbon footprint among other aims;

### 1.6.5. Product range

In France, the market offers cements adapted to different uses and whose CO<sub>2</sub> load can today range from 765 kg net CO<sub>2</sub>/metric ton of cement to less than 170 kg CO<sub>2</sub> (source: ATILH) depending on the sources of additives available and the local market of each plant. This broad range of projects allows builders to optimize the carbon content of their works using the right concrete in the right place. The Vicat Group offers a varied range of products to meet this demand.

### 1.6.6. Governance

To achieve its objectives, the Group created a Climate Strategy Department in 2019.

All the operating departments nourish the Group's Innovation Division with ideas and resources for the development of products, services and production technologies of tomorrow.

A Climate Issues Committee composed in particular of the Chairman and Chief Executive Officer, the Legal Affairs Director, the Chief Financial Officer and other members of the General Management, supports the Climate Strategy Department in its actions.

- recyclability of materials to protect natural resources;
- renovation of buildings to improve their thermal and acoustic performance;
- the need for greater sustainability of structures so that they can be used in several ways over their life cycle;
- taking account, early in the product development process, of the arduousness of working conditions for our employees and for our customers when implementing solutions;
- the development of constructive processes allowing the use of biosourced raw materials and the optimization of the quantities of material required.

In the context of these activities, the Group registers patents in order to protect the development of products resulting from the work of its research & development teams. The Group is not dependent on patents, licenses or manufacturing processes protected by third-party intellectual property rights.

Total research and development expenses amounted to € 3.4 million in 2020

### 1.7.1. Low-carbon products

For over ten years, research has focused on the development of new cements which, with equivalent mechanical properties, will result in lower CO<sub>2</sub> emissions. This goal, is fundamental for the future of the industry and forms part of the Group's objective to support the collective effort for the environment. It mobilizes significant manpower in the fields of crystallography, thermodynamics and additives.

State-of-the-art equipment is used to pursue research in this area, ranging from a diffractometer to an X-ray fluorescence spectrometer and an electron microscope. This research has led to the development of the mineral foam, Aircimat, which is being industrialized for a low-carbon, recyclable, fire-resistant insulation that is compliant with indoor air quality standards. The Research and Development teams in Cement, Concrete, Aggregates, Mortar and Building Systems provide support to the sales team and customers to bring new products to the market.

### 1.7.2. Constructive solutions

3D printing is a new construction method that combines freedom of form and economy of materials. Research and Development explores various applications ranging from social housing (potential savings in building costs) to marine reefs (promotion of underwater biodiversity).

The Group is constantly developing new concrete products to meet the expectations of customers in the building and public works sector. Several technological breakthroughs have been achieved in the concrete industry, with self-leveling concretes, for example, whose extreme fluidity allows them to move effortlessly into and through intricate formwork and make working conditions less arduous. The development of high and very high performance concretes (HPC and VHPC) and more recently ultra-high performance fiber-reinforced concrete (UHPC), SMART UP at Vicat, increased the strength of the material ten-fold (200 MPa compression resistance) and enables renovation and repair of aging infrastructure such as bridges.

These concrete products meet the exacting requirements of customers for the construction of complex civil engineering structures or high-rise buildings, giving free rein to architectural creativity.

In France, changes in thermal regulations following the Grenelle Environmental Round Table are taken into account. Research is also aimed at precisely determining the contribution of concrete to the design of innovative construction solutions meeting high energy-efficiency standards for buildings. The Group is thus taking part in a joint research project with scientists from the *Commissariat à l'énergie atomique* (CEA) working at the *Institut national de l'énergie solaire* (INES) in Chambéry to develop precise inertia models for concrete. The Research and Development teams are working to industrialize a thermal renovation solution – the ConIPheR project – combining mineral insulation, concrete durability and energy production on building fronts.

Vicat has a sustainable construction solution made from natural quick-setting cement manufactured at the Group's production facility at the foot of the Chartreuse mountain range combined with biosourced materials, such as hemp. Vicat has developed, with its partner Vieille Matériaux, the insulating and biosourced (hemp) Biosys block, for buildings up to R+3.

Its analytical capabilities enable the Louis Vicat Technical Center to diagnose issues affecting concrete poured in the 19th and 20th centuries and offer treatment solutions. Vicat is a member of the *Cercle des Partenaires du Patrimoine*, an association formed by the French Ministry of Culture and Communication to mobilize companies in support of research programs relating to heritage building fabric, and thus takes part in research on approaches to the restoration of our architectural heritage.

### 1.7.3. Partnership policy

The Louis Vicat Technical Center works closely with public and private research centers such as the *Commissariat à l'énergie atomique* (CEA), the *Université Gustave Eiffel*, the *Ecole centrale de Nantes*, the Materials and Durability of Constructions Laboratory, the laboratories of schools of architecture and universities, the laboratories of its customers in the building and public works sector, etc. The collaborative projects also include local and international industrial partners.

The R&D teams are also partners in several European programs such as CirMap for the recovery of recycled concrete sand as a raw material for 3D printing or CO2Redress for the use of additives produced locally from residual clays.

Ready-mixed concrete mixer truck in Brasilia, in the colours of October pink, Brazil



# STATEMENT OF EXTRA-FINANCIAL PERFORMANCE 2020

# 2

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### Vicat's Business Model

«After providing safety and comfort to the world's population, cement is still the key material to respond to population growth in a context of climate and social emergency.»

Message from the Chairman and Chief Executive Officer

#### ITS VALUES, ITS STRENGTHS

#### ITS MISSIONS

#### ITS SHARE CAPITAL:

##### INNOVATION AND KNOW-HOW

- Since the invention of artificial cement by Louis Vicat in 1817, a strong expertise in cements, concrete and aggregates
- A modern R&D center focused on product and process innovation
- A confirmed technical and industrial know-how

##### HUMAN

- A family group committed to its employees thereby fostering their loyalty
- High-quality social dialogue
- Respect for health and safety in the workplace
- High level of business skills

##### INDUSTRIAL

- Modern high-performance production facilities with a high level of maintenance, well-located geographically, in the process of adapting to climate challenges.
- Significant geological reserves that guarantee access to raw materials.
- An industrial purchasing policy that favors recycled products and materials.

##### ENVIRONMENTAL

- Landholding recognized for its concern for biodiversity preservation and consideration of climate impacts.
- Attention to water resources and air quality at industrial sites.

##### SOCIAL

- Local roots linked to the nature of the activities.
- Relations with stakeholders (scientific community, associations, suppliers, customers and local authorities, etc.).
- Two very active corporate foundations: the Louis Vicat Foundation and the Sococim Foundation.

##### FINANCIAL

- Focus on financial performance to guarantee the Group's sustainability and its commitments.
- Financially solid: high equity, limited indebtedness.
- Geographic diversification of the countries where Vicat operates.

Given the scale of the challenges of population and climate, the most affordable material for the greatest number of people is cement available all over the world.



- Offering high-quality, affordable, safe, and scalable products and services for construction;
- Designing products adapted to the impacts of climate change, to target carbon neutrality over its full value chain by 2050;
- Sharing the value created with the communities where it operates by processing raw materials near source, developing the circular economy and hiring locally;
- Supporting its employees' skills acquisition and development to foster the concept of employability.
- Developing comprehensive offerings for the transformation of raw materials and waste in the regions where they are extracted or produced, and being an active participant in the circular economy;
- Supporting its customers' projects by ensuring the best use of its products with the right specifications and the support of digital services (PM and BM);
- Promoting diversity and equal treatment;
- Offering the greatest number of people access to essential services through educational, cultural, health, and environmental actions;
- Promoting awareness and training young generations to the environmental challenges through site visits.
- Respect for personal integrity through high-quality labor relations and guaranteeing a safe, healthy working environment;
- Protecting ecosystems and biodiversity;
- Constantly improving the global performance of its production facilities, by wasting and consuming less.

Vicat is a French industrial company, present in twelve countries, which operates mainly in the cement, concrete and aggregates businesses. Anxious to respect its environment and to take into account the major challenges, particularly demographic and climatic, the Company's industrial strategy is based on the long term. Its foundation is sustainable governance, stable family ownerships, and the strong, passionate commitment of its employees.

## ITS ACHIEVEMENTS

## ITS OBJECTIVES

2

**1 MEETING THE NEEDS OF LOCAL CONSTRUCTION**

- Customer satisfaction of the growing needs for construction materials in the regions where the Group operates.
- Launch of new industrial sites (West Africa) .
- Launch of low-carbon cement (pozzolan-based technology) and low-carbon concrete.
- Development of new bio-sourced concretes.
- Development of digital tools to improve customer service.

**2 CONTRIBUTING TO THE ACCELERATION OF THE ENERGY AND ECOLOGICAL TRANSITION**

- 20% reduction in net CO2 emissions between 1990 and 2020 on scopes 1 and 2 for the Cement business in France (historical scope).
- Share of green energies in the electricity mix at 5% in 2020.
- Transformation of the logistics fleet towards zero emissions (carbon, fine particles, noise, etc.) .
- Continuation of R&D programs related to energy and new materials.

**3 CONTRIBUTING TO THE PRESERVATION OF RESOURCES**

- Launch in France of the CirculEre subsidiary for energy and materials recovery.
- Development of the recycled concrete and aggregates offering.

**4 ACTING FOR THE DEVELOPMENT OF CITIES AND REGIONS**

- Business conduct respectful of ethics and competition law.
- Business continuity in 2020 in a context of health crisis which validates the robustness of the business model.
- Contribution to the development of the regions.

**5 AN HR POLICY PROMOTING INCLUSIVITY AND COMMITMENT**

- A continuously improved health and safety culture.
- No gender pay gap .
- Adapting the Company's organization to the Covid-19 crisis.

**6 SUSTAINING THE FINANCIAL PERFORMANCE TO GUARANTEE THE GROUP'S DEVELOPMENT.**

- Proven financial strength.
- Increased operating profitability.

**DECARBONATE THE VALUE CHAIN**

- Reducing CO2 emissions on scopes 1, 2, 3 with the ambition of carbon neutrality across the entire value chain by 2050.
- With by 2030:
  - a rate of 40% of alternative fuels in the energy mix (including 15% for biomass), with 100% in Europe as soon as 2025
  - a rate of 20% of green electricity
  - a clinker content of 75% in cement.

**DEVELOPING THE CIRCULAR ECONOMY IN THE VALUE CHAIN**

- Give preference to recycled materials over natural raw materials.

**PROMOTING A RESPONSIBLE PURCHASING POLICY.****PRESERVING NATURAL ECOSYSTEMS**

- Optimizing the management of the Group's forests with a focus on carbon storage and the development of biodiversity.
- Teaching about biodiversity through the Group's sites.
- Offer products to combat deforestation.

**HR OBJECTIVES FOR OVERALL PERFORMANCE.**

- Safety: Achieve zero accidents.
- Increasing the proportion of women in the overall workforce and management.
- By 2022 integrate three women in the top 10 salaried positions in 2022.
- Staff training on climate change, digital tools and business ethics.

This document is prepared in accordance with the provisions of article L. 225-102-1 and R. 225-105 of the French Commercial Code. Its purpose is to describe the business model, the main challenges connected to the Vicat Group's activities, the policies and procedures implemented and the results, including a presentation of the key performance indicators, for the financial year ended December 31, 2020. The methodology used to produce the Statement of Extra-Financial Performance and to map its key risks is explained at the end of the document. This information was audited by Grant Thornton, an independent third-party body, whose report is attached to this document.

The elements of the performance statement below show that the Vicat Group's approach to social, societal and environmental responsibility is integrated into its overall strategy. It is reflected in the implementation as far upstream as possible in its value chain of a set of best practices aimed at reducing the environmental impacts of its activities and seizing opportunities related to the changes underway in the construction markets. The implementation of this global strategy allows the Vicat Group, at its level, to contribute primarily to the following eleven Sustainable Development Goals (SDGs) as defined by the United Nations in 2015:

- SDG No. 9 "Industry, innovation and infrastructure";
- SDG No. 13 "Climate action";
- SDG No. 7 "Affordable and clean energy";
- SDG No. 12 "Responsible consumption and production";
- SDG No. 11 "Sustainable cities and communities";
- SDG No. 6 "Clean water and sanitation";
- SDG No. 15 "Life on land";
- SDG No. 5 "Gender equality";
- SDG No. 8 "Decent work and economic growth";
- SDG No. 4 "Quality education";
- SDG No. 3 "Good health and well-being".

To a lesser extent, its action also has a positive impact on the following SDGs:

- SDG No. 16 "Peace, justice and strong institutions";
- SDG No. 1 "No poverty";
- SDG No. 10 "Reduced inequalities".

The Covid-19 crisis with which the Group has been confronted has shown the robustness of its business model, which has never been in difficulty. The financial results for 2020 confirm this.

## Group values

Vicat, an international industrial group, is closely linked in its values to the history of the family of Louis Vicat, inventor of artificial cement in 1817. His son, Joseph Vicat, built the Group's first cement plant in 1853, in Le Genevrey de Vif, south of Grenoble, in the Alps. This cement plant was a true industrial innovation, with the adoption of the double firing process, which guaranteed a stable quality of cement, innovative for the time. Since then, this concern for quality, together with the desire to constantly better understand and adapt cement processes to the needs of the construction markets, have been constant in the development of the Vicat Group.

Louis Vicat's family, who controls and manages the Group, always takes a long-term view, with the desire to ensure the Company's long-term future and to respond to a social utility, to provide high-performance construction materials to enable mankind to inhabit the planet in the best possible conditions (construction of cities, regional planning and infrastructure development).

The Vicat Group's business model incorporates new developments related to the need to accelerate adaptation to climate change and respond to the new societal demand addressed to companies.

Since 2017, the Group has set up a corporate foundation, the Louis Vicat Foundation, chaired by Sophie Sidos.

The values that drive the Group's leadership and management are based on five major principles that have been key to its success:

- local presence. This illustrates the priority given by the Group to the local aspect with the implementation of "producing local to build local". On October 1, 2020, the Group reaffirmed this first principle by relocating its registered office from Paris La Défense to L'Isle d'Abeau, in the Auvergne Rhône Alpes region. This decision, which had made the La Défense offices inaccessible to ensure the health of employees, enabled the Group to bring together all of its Group departments in a single location, thus promoting synergies and decision-making;

- partnership commitment. This affirms the desire to build business relationships or collaborations in the regions, with all stakeholders, in a long-term approach;
- responsible sustainability. It reflects the Group's commitment to integrate the impact of its actions on the environment and the quality of life of the people living in the regions where it operates. This is true not only for the latter but also for Group employees. The Covid-19 crisis has profoundly changed the way people work with the generalization of teleworking for the functions that allowed it in 2020;

- shared passion. It guarantees the commitment of employees to serve its customers. In 2020, it enabled the Group's teams to continue to mobilize in response to the crisis;
- technical expertise. The Vicat Group's construction materials, which are designed, manufactured and used, require a high level of technical expertise to guarantee their quality. The Group is developing this expertise primarily through its research and development laboratories based mainly at the Louis Vicat Technical Center in L'Isle d'Abeau. Its Sigma Béton subsidiary has also developed a technical training center which provides training to both the Group's customers and Vicat employees.

## R&D with increased resources, mobilized on ecological and energy transitions

The Group's research resources, housed in the Louis Vicat Technical Center at l'Isle d'Abeau near Lyon in France, are focused on innovation, development and product follow-up.

This center, opened in 1993, is located in the heart of the Auvergne-Rhône-Alpes region near the Group's historic facilities in Grenoble, and its iconic cement plant in Montalieu, Isère, one of the largest in Europe.

A team of around a hundred researchers, engineers and technicians works in three different laboratories:

- the materials and microstructures laboratory, which investigates the properties of materials and formulates new binders/cements;
- the Sigma Béton laboratory, which formulates and maintains quality control objectives for concrete and aggregates;
- the laboratory for the formulation of industrial finishing products.

The Louis Vicat Technical Center manages and supervises a network of control laboratories within the Group located in each cement plant and in each significant industrial facility of its other activities in the twelve countries where it operates.

It also relies on a network of universities and laboratories, both private and public, which enable it to cover all the bricks of scientific or technical skills it needs in the conduct of its research and development programs, which prioritize decarbonation, the circular economy, the functionalization of materials and the preservation of biodiversity.

In France, the network of R&D partners mainly includes the CEA (*Commissariat à l'énergie atomique et aux énergies alternatives*), the National Solar Energy Institute (INES) in Chambéry, the Gustave Eiffel University (formerly IFFSTAR), *Ecole centrale de Nantes*, laboratories at architecture schools, universities and some of the Group's customers in the building and public works sector. Outside France, the Group has worked extensively with its network of Swiss higher education schools such as the Swiss Federal Institute of Technology in Zurich and Lausanne, as well as with the Universities of Applied Sciences in Geneva, Rapperswil and Friborg.

Several of the research programs underway in 2020 are conducted on a European scale.

| Acronym   | Program name  | Country concerned                                     | Date      | Purpose   |
|-----------|---|---|-----------|---|
| CONIPHER  | Concrete Insulation Photovoltaic Envelope for deep Renovation                                     | France (Life project)                                 | 2016-2021 | Development of a plug and play photovoltaic insulation cladding   |
| SERAMCO   | Secondary Raw Materials for Concrete precast  | France, Germany, Luxembourg, Belgium, Netherlands     | 2017-2020 | Use of recycled demolition materials to produce new cements and concretes in the precast industry   |
| CIRMAP    | Circular economy via customizable furniture with materials for public places                      | France, Germany, Belgium, United Kingdom, Netherlands | 2020-2023 | Use of demolition concrete for the 3D printing of street furniture  |
| CO2REDRES | Treatment of secondary resources to reduce CO <sub>2</sub> emissions in the construction industry | France, Luxembourg, Belgium, Germany                  | 2020-2022 | Demonstration of the feasibility of producing mineral additions with hydraulic and/or pozzolanic properties from the thermal treatment of secondary resources |

R&D focuses on the entire value chain of the Group. Its work is based on an applied research approach that covers the entire construction system, including sustainable urban mobility issues (Vicat is a shareholder in the laboratory city "Transpolis" in France in the Auvergne Rhône Alpes region), biodiversity ("Odyssey" project), connectivity, 3D printing, solar functionalization of concrete, rapid road repair solutions and building insulation.

The Group regularly files patents and generates know-how. It is autonomous and is not dependent on patents, licenses or manufacturing processes held by third parties for its activity.

Today, the Group's research and development capacity is an asset in the race for innovation affecting the building and public works sector to move towards ever more sustainable construction. The Vicat Group's human and technical resources enable it to be involved in programs that are heavy in terms of investment as well as in lighter programs that require a high degree of responsiveness to support customers. The latter are confronted with new problems of application of cements or concretes generated by changes in regulations, in particular environmental regulations, new requirements from project owners and the creativity of architects.

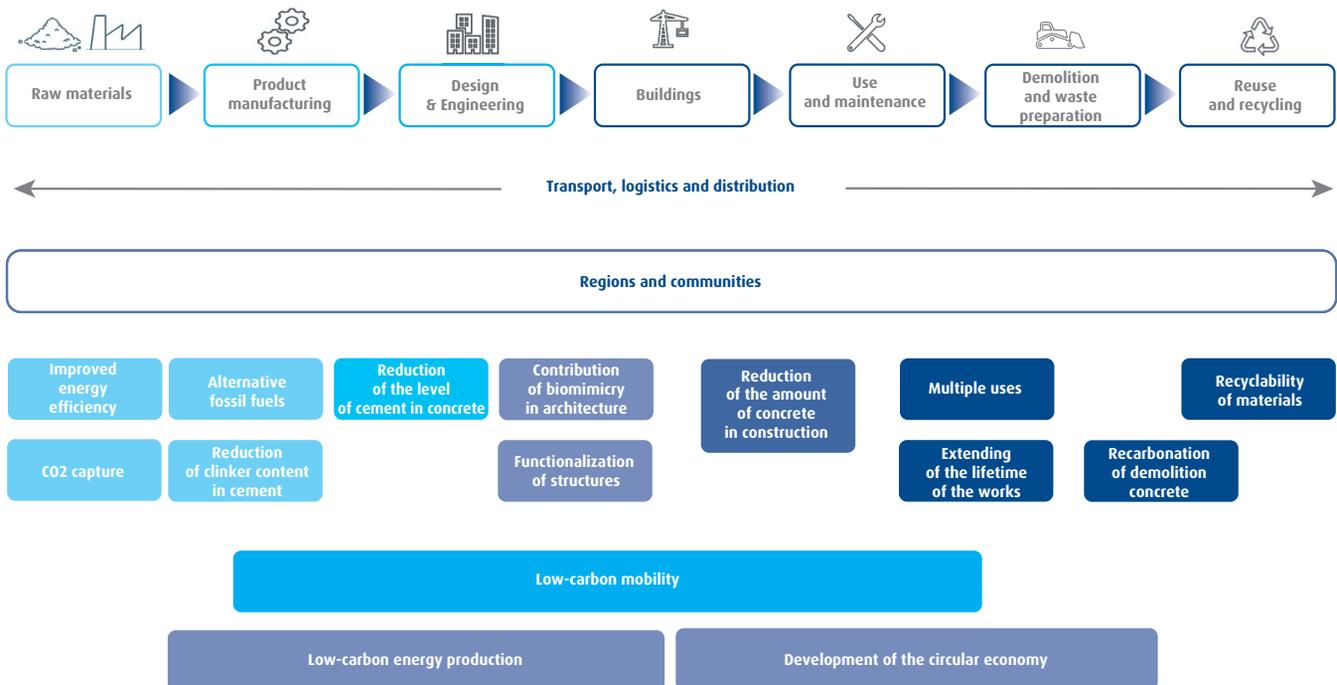
## 2.1. Decarbonation of the Vicat Group's value chain

The Vicat Group follows a logic of "producing local to build local". Its mission is to satisfy the needs of its customers in cement, concrete and aggregates. These needs are closely linked to expectations in terms of infrastructure and housing, with a global population that will increase from 7.5 billion inhabitants today to more than 10 billion in

2050. The ambition of the Vicat Group is to achieve this mission while aiming for carbon neutrality across its entire value chain by 2050.

In 2019, Vicat's governance set up a Climate Strategy Department that is working to define, coordinate and implement the means to achieve this.

### ACTIONS ACROSS THE ENTIRE VALUE CHAIN TO ACHIEVE NEUTRALITY



The subject is simple in its principles, but complex in its implementation. There is no single technical solution, but a myriad of solutions adapted to each region, each of which is a piece of a jigsaw that takes on meaning once assembled.

The overall number of projects related to the decarbonation of the value chain increased significantly from 41 projects in 2019 to 53 projects in 2020.

The amount of investments related to these decarbonation projects has more than doubled. They rose from € 23.5 million in 2019 to € 52.1 million in 2020. These investments do not include projects related to new production lines such as the one at Ragland (United States) incorporating the best carbon and energy technologies, for which the estimated amount is of the order of US\$ 300 million.

The table below shows the breakdown of current decarbonation projects by country.

| Number of projects | 2019      | 2020      |
|--------------------|-----------|-----------|
| France             | 24        | 21        |
| United-States      | 3         | 11        |
| Turkey             | 2         | 3         |
| Senegal            | 5         | 5         |
| Switzerland        | 4         | 5         |
| India              | 3         | 5         |
| Brazil             | /         | 3         |
| <b>TOTAL</b>       | <b>41</b> | <b>53</b> |

The major families of projects relate to the circular economy, reducing the clinker content, low-carbon mobility, renewable energy production, CO<sub>2</sub> capture, the material optimization of concretes and the development of biosourced concrete.

### 2.1.1. The circular economy and waste recovery

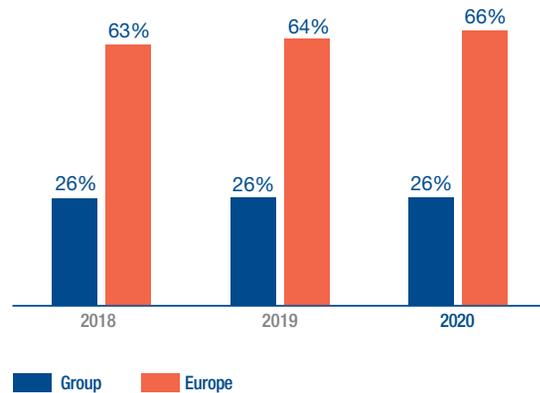
#### Development of alternative fuels

The use of alternative fuels made up of local waste instead of fossil fuels traditionally used to fuel the cement kiln has many advantages:

- CO<sub>2</sub> emissions reduction;
- Reduction of the energy bill.

Their treatment is useful to the region by avoiding landfill.

#### CHANGE IN THE RATE OF ALTERNATIVE FUELS (CEMENT BUSINESS)



Today, the Vicat cement plants in France have a high consumption ratio for alternative fuels and the Group has set a target of 100% substitution in France by 2025.

The search and supply of waste favor alternative fuels with a high biomass content. In 2020, the share of total biomass made it possible to avoid 685,000 metric tons of CO<sub>2</sub>, an increase of 8% compared to 2019. The total of secondary fuels avoided the use of nearly 700,000 metric tons of coal in 2020.

#### Material recovery from excavated soil

As part of its cement process and insofar as their chemical nature allows, Vicat incorporates non-inert excavated soil from decontamination sites, in addition to the materials used in its cement quarries.

This recycling of brownfield decontamination site material provides an ecological alternative to landfilling non-inert soil and a reduction in the consumption of natural raw materials.

The “Terenvie” platform located to the south of Lyon and born from the partnership between SERPOL and Vicat makes it possible to store, sort and phyto-remediate excavated soil from brownfield sites before recycling them in the cement kiln.



**Change in material substitution in the production of clinker, cement and aggregates (Group scope)**

| (in millions of metric tons) |  | 2020                 | 2019                 | 2018               |
|------------------------------|--|----------------------|----------------------|--------------------|
| Clinker                      | Raw materials used   | 29.6                 | 26.9                 | 29.2               |
|                              | Of which % of alternative materials                          | 5.3%                 | 4.2%                 | 5.0%               |
| Cement                       | Raw materials used added                                     | 5.0                  | 4.3                  | 4.2                |
|                              | Total % of alternative materials used in the cement          | 28.0%                | 29.3%                | 28.6%              |
| Aggregates                   | Raw materials used   | 22.3                 | 21.1                 | 18.6               |
|                              | Of which % of alternative materials                          | 4.6%                 | 4.3%                 | 3.8%               |
| <b>TOTAL</b>                 | <b>RAW MATERIALS USED<br/>OF WHICH ALTERNATIVE MATERIALS</b> | <b>56.9<br/>7.0%</b> | <b>52.3<br/>6.3%</b> | <b>52<br/>6.4%</b> |

**2.1.2. Decrease in the clinker content in cement**

The production of clinker, an intermediate cement product, generates a concentration of CO<sub>2</sub> emissions. Reducing the proportion of clinker in the cement is an important objective because it reduces the final carbon footprint of the material.

The Group has set itself the target of achieving a 75% level of clinker in cement by 2030.

The clinker rate went from 80.5% in 2019 to 79.1% in 2020.

**Low-carbon cement with natural pozzolans**

The Créchy cement plant is the only French cement plant to produce cements with natural pozzolans. One of these cements, CEM IV/A (P) 42.5 R CE NF, called NATURAT, has one of the best Environmental and Health Data Sheets (FDES) on the market, with a CO<sub>2</sub> emission of 490 kg CO<sub>2</sub>eq/t of cement compared to 765 kg of CO<sub>2</sub>eq/t for a CEM I 42.5 R (France average).

Low-carbon cement (CEM IV) with natural pozzolans is also produced and marketed in Turkey and Italy.

**Cements based on activated clays (artificial pozzolans)**

The Group has been producing this type of cement in its Brazilian plant since 2009.

The advantage of activated clays is to lower the level of clinker in the cement while maintaining its resistance and durability properties, obtained thanks to the clinker/clay/limestone combination according to the LC3 technology developed by the Ecole Polytechnique Fédérale de Lausanne (Switzerland).

The process of activating clays is more energy efficient than the production of clinker. The activation of the clay emits significantly less CO<sub>2</sub> than the production of clinker, which emits CO<sub>2</sub> due to the decarbonation of limestone.

In France, as part of the Argilor project, the Group decided to build a thermal activation unit for clays in Xeulilly (Meurthe et Moselle) to produce this low-carbon cement.

**Addition of limestone filler**

The addition of micronized limestone filler during the production of cement makes it possible to obtain a low-carbon product by mixing with a reduced clinker content.

This is what the start-up 2170, in which Vicat took a stake in 2019, proposes.

**Blast furnace slag and fly ash cements**

The Group also produces blast furnace slag and fly ash cements to meet current market needs. The Group does not believe that these cements are a relevant response to the need for low-carbon cements.

Since 2014, slag has been removed from its waste status in France. Its carbon weight, currently counted at 0 should logically rise to 500 kg of CO<sub>2</sub> per metric ton if a physical approach is used.

Fly ashes, a by-product of coal combustion, should disappear.

### 2.1.3. Promotion of Vicat's low-carbon products and services (Deca offering)

In October 2020, the Group launched a campaign in France to promote its low-carbon products and services to encourage its customers to reduce the carbon footprint of the construction sector.

Called "Deca", this offering, which is based on low-carbon cements or biosourced materials, is suitable for all uses (building, public works, retail, precast cement sector).

In the Concrete business, the Deca label offers two levels of up to 50% reduction in the carbon footprint: Deca 1 low carbon level and Deca 2 very low carbon level.

The offering also includes biosourced concrete and eco-responsible transport.

### 2.1.4. Low-carbon mobility

#### With biogas: the example of the "Oxygène" concrete mixer

The "Oxygène" truck is a hybrid NGV/Electric mixer truck with very low CO<sub>2</sub> emissions and a very quiet engine, making it particularly attractive for urban construction sites. This project was conducted in partnership with Jacky Perrenot transport and Iveco (manufacturer of industrial vehicles).

It emits 96% less CO<sub>2</sub> than conventional vehicles thanks to its Iveco engine powered by natural gas for vehicles (NGV) of biogenic or "biomethane" origin and thanks to its Cifa Energya mixing drum running on a battery-powered electric motor.

The truck is also particularly quiet: its engine is only half as noisy as a traditional engine and its mixing drum is perfectly silent.

Complying with the rules for the allocation of the Crit'air 1 sticker in France, the "Oxygène" mixer truck will be able to access the future EPZs (low-emission zones) that will be set up in most city centers.

Since March 2020, the Vicat Group has housed an NGV/CNG station at its Chambéry SATM site for the refueling of gas-powered vehicles. This site, open to the public, is operated in partnership with the professional chamber of transporters of Savoie, ADEME, Grand Chambéry and Proviridis.

In the United States, the NCC subsidiary (California) also has a fleet of nearly 70 trucks running on biogas.

#### With the "Avril" Oleo 100

The "Avril" Oleo 100 is a biodiesel made from 100% vegetable oil (rapeseed), produced in France and can replace diesel (road and non-road) without any modification required on the engines and without impact on performance (autonomy and power).

The use of the "Avril" Oleo 100 reduces CO<sub>2</sub> emissions by 60 to 80% compared to diesel.

The "Avril" Oleo 100 is a solution for captive fleets: cement quarries, aggregates quarries, construction sites, logistics transport.

The volumes of the "Avril" Oleo 100 produced are controlled so as not to compete with the food use of the crops.

The Group was a pioneer in the use of the "Avril" Oleo 100 in its quarries for its captive fleets.

#### With hydrogen

The renewal of some of the logistics resources is planned with hydrogen trucks for the Transport SATM subsidiary (pre-order of ten tractors of 44 metric tons).

Vicat was a pioneer in light mobility hydrogen with the purchase of NEXO and Kangoo vehicles. It was a partner with Michelin, Engie, CDC and Ataway in the creation of the first hydrogen station in Chambéry in February 2020 (Zero Emission Valley project supported by the Auvergne Rhône Alpes region).

A second hydrogen station is planned on the site of the Saint Egrève cement plant (France). It should be operational in 2022. It will make it possible to supply hydrogen-powered heavy mobility solutions for transporting cement.

#### With electricity

In Switzerland, Vigier Ciment, a subsidiary of the Vicat Group, relies on electrical energy for its quarry machinery. It is testing the Lynx, the largest electric vehicle on the planet. Equipped with a bucket that can transport and lift 65 metric tons of rock, this giant is equipped with batteries producing 3,000 amps. It consumes energy on empty ascent and produces energy on fully loaded descents, enabling it to produce more energy than it consumes.

In addition, in terms of light mobility, the Group is gradually shifting its fleet of cars to electric or hybrid propulsion.

### 2.1.5. Renewable energy production

Thanks to its land reserves, Vicat can install photovoltaic plants near its industrial sites. The Vicat Group's solar farms at Barathi Polymer (1 MW) and the Kadapa site (10 MW) in India were reinforced in 2020 with the commissioning of the Kalburgi's farm (8.5 MW), still in India, and that of Rufisque's farm (6.9 MW) in Senegal.

Waste heat from the cement kiln, *i.e.* non-recovered waste heat, can also be used to produce electricity or supply an industrial or urban heating network. Waste Heat Recovery Systems have been installed at the Vicat plants in Kadapa and Kalburgi in India. In Kadapa, this unit, connected to a steam turbine, produces 10 MW of electricity for the plant's own consumption. It came on stream in August 2019.

#### Change in the renewable energy electricity mix (Group scope)

| Electricity (MWh)   | 2020    | 2019   |
|---|---------|--------|
| Solar   | 21,618  | 4,710  |
| Hydraulic   | 25,496  | 48,412 |
| WHRS (fatal heat recovery)                                    | 77,123  | 37,895 |
| Total renewables  | 124,237 | 91,017 |
| Percentage of renewable energy out of total electrical energy | 4.8%    | 3.9%   |

The particularly dry summer in Switzerland in 2020 explains the decline in hydroelectric which is fortunately largely offset by the growth in energy produced by waste heat recovery systems in India and the ramp-up of solar farms.

In addition, in France, in Brazil and Switzerland, most of the electricity purchased is decarbonated due to its nuclear or hydroelectric origin.

### 2.1.6. New industrial investments in cement plants

In addition to industrial sites linked to energy production, the Vicat Group continues to invest in its production capacities. All projects are studied under the prism of energy sobriety, the use of renewable energies and the reduction of the carbon footprint.

In 2020, the commissioning of the new roller press at the Rufisque cement plant is an illustration of this. It made it possible to significantly reduce the electrical energy consumption of the workshop concerned (30%).

Ragland's new generation firing kiln (capacity 5,000 metric tons/day) in the United States, which is scheduled to be operational in 2022, also falls into this project category. It will move away from coal, improve energy performance and reduce the carbon footprint.

### 2.1.7. CO<sub>2</sub> capture and recovery

#### Hydrogen and methanol production

The production of hydrogen in a cement plant by electrolysis of water, in close synergy with the cement process, makes a lot of sense and has many advantages. Indeed hydrogen makes it possible on the one hand to recover CO<sub>2</sub> emitted by the cement plant by converting it into a recoverable molecule in the energy or chemical fields (methane, methanol, etc.) and, on the other hand, to supply a fleet of trucks.

Oxygen, co-produced by the electrolysis of water, can be recovered in the clinker production process. It has many advantages: improved combustion in the kiln, reduced fuel consumption, reduced electrical consumption by reducing the volume of combustion gases taken up by the draft fans, and lastly CO<sub>2</sub> concentration in the fumes, facilitating its capture.

Finally, in the case of the use of high-temperature electrolysis technology, the use of waste heat makes it possible to recover the last fraction of the residual energy of the cement kiln.

The Vicat Group has several projects in this area in France: it is a partner of a joint venture called Genvia, with the French Atomic Energy Commission (CEA), Schlumberger, Vinci Construction, and the Occitanie region, to build a "mega-factory" for the production of "high-temperature" electrolyzers, a breakthrough technology with 30% higher efficiency than conventional electrolysis. The project is expected to be signed in 2021.

Within two years, a first demo plant using this technology will be installed on one of the Vicat sites in France.

#### The "Catch4Climate" project (Oxyfuel technology)

Oxycombustion or Oxyfuel consists of supplying the cement kiln with pure oxygen for combustion rather than ambient air to avoid the introduction of nitrogen (present in the air at 78%), which is inert, which dilutes the CO<sub>2</sub> in the fumes at the exit of the cement kiln. Thanks to a concentration of CO<sub>2</sub> in the fumes increased by 15-20%, to more than 80%, the cost of its capture is reduced.

The Cl4C Company, founded between Vicat and three other European cement companies (Buzzi – Dyckerhoff, HeidelbergCement and Schwenk) is in charge of developing the Catch4Climate project aimed at industrially validating the applicability of the Oxyfuel technology.

The project calls for the construction of a pilot project of 450 t/d in Germany at the end of 2021, to come on stream in early 2023.

## The "Cimentalgue" project

"Cimentalgue" is an industrial research project co-financed by ADEME and led by Vicat in collaboration with several partners (University of Nantes, Algosource Technologies and Total).

It aims to demonstrate the technical feasibility and economic viability of a process for the co-recovery of CO<sub>2</sub> and fatal heat of industrial origin through the production of photosynthetic microalgae in natural light for the production of food supplements or bio-fuels.

A production unit is being set up at the Vicat cement plant in Montalieu and will come on stream in 2021.

This demo plant with a surface area of 800 m<sup>2</sup> includes several greenhouse systems. Dedicated transfer lines will bring the CO<sub>2</sub> and waste heat recovered from the cement kiln.

## The recarbonation of demolition concrete: "Fastcarb" project

The concrete in place is a carbon sink. In contact with air, it captures carbon dioxide and "rearbonates" over a long kinetic range. The average natural capture is estimated at 25%.

The national "Fastcarb" project aims to demonstrate that this value can be doubled for demolition concrete.

The Vicat Group is participating in this project by testing an industrial pilot plant for the recarbonation of deconstructed aggregates in its Créchy cement plant.

10% of annual emissions from French cement plants could be stored if all recycled concrete aggregates were carbonated. This storage is permanent and irreversible.

Carbonation improves the quality of the aggregates by closing the porosity of these materials.

The coarser fractions can be used as road sub-layers or to manufacture new concrete.

The finer fractions (formerly 0/2), rich in cement pastes, have the highest carbon storage potential. Once carbonated, they can be used as corrective sands in concrete or as a cement additive.

## 2.1.8. Optimization of concrete materials through digitization and 3D printing

In 2020 the Group pursued the development of a range of concrete specially for 3D printing which meets the requirements of each application. As part of the Viliaprint project launched by Plurial Novilia (a subsidiary of Action Logement), the Group will be providing specially formulated cement which in liquid form can be used for printing successive layers to create the concrete shells for five single-storey homes of between 3 and 5 rooms, within the context of a social housing program. 3D printing has the advantage of reducing the volume of concrete used, construction times and the arduous nature of the work. This new construction method project was certified by France's scientific and technical construction center (*Centre scientifique et technique du bâtiment* – CSTB) in 2020.

This certification ensures the insurability of the real estate project and by direct effect the possibility of renting the printed houses. Work is scheduled to start in early 2021 for delivery at the end of the year. The implementation of this project is the result of an intelligent combination of three innovations: robotics, 3D printing and new construction materials.

## 2.1.9. The development of biosourced concrete

After the development of Biosys, the first construction system based on concrete blocks and hemp in partnership with the company Vieille Matériaux, and officially certified by France's scientific and technical construction center (*Centre Scientifique et Technique du Bâtiment*) (ATEX No. 2482), the Vicat Group announced on December 23, 2020 the launch of its first biosourced ready-mixed wood-based concrete.

The formulation of this concrete will be based on Naturat low-carbon cement, manufactured in the Créchy cement plant (France).

It will enable the Group to position itself in the precast concrete product market, thanks to a consistency adapted to the filling of formworks. This product illustrates the Group's ability to meet the requirements of the RE2020 in France.

## 2.2. Industrial performance of the Vicat Group in 2020

### 2.2.1. Carbon impact

The Group's total direct and indirect emissions covering Scopes 1 and 2 amounted to 16.6 million metric tons of CO<sub>2</sub> in 2020 compared to 14.6 million metric tons in 2019. This increase is explained by the increase in cement production, which rose from 22.3 million metric tons of cement in 2019 to 24 million metric tons in 2020, due to the growing needs of the construction sector in Brazil, Egypt, Mali, Senegal, Turkey and the United States.

#### Scopes 1 & 2 CO<sub>2</sub> emissions in 2020 (Group scope)

| (in thousands of metric tons) | CO <sub>2</sub> total direct and indirect |
|-------------------------------|---|
| Cement                        | 16,449                                    |
| Concrete & Aggregates         | 98  |
| Other income & Services       | 10  |
| <b>TOTAL</b>                  | <b>16,557</b>                             |

#### Scope 1 CO<sub>2</sub> emissions excluding on-site electricity production and transport of the finished product (Group cement scope)

|   | 2020 | 2019 | 2018 |
|---|------|------|------|
| kg CO <sub>2</sub> net <sup>(1)</sup> /t cement eq <sup>(2)</sup> | 620  | 621  | 627  |

(1) Definition of net CO<sub>2</sub>: direct emissions including the physico-chemical transformation of raw materials at high temperatures and the use of fossil fuels, excluding all alternative fuels.

(2) Definition of emissions per cement equivalent (eq): direct emissions, gross or net, divided by clinker production and multiplied by the percentage of clinker in the cement.

#### Europe Zone CO<sub>2</sub> emissions (Switzerland France Italy) (cement scope)

|                                    | 2020  | 2019  | 2018  |
|------------------------------------|-------|-------|-------|
| kt CO <sub>2</sub> gross cement    | 2,229 | 2,299 | 2,209 |
| kg CO <sub>2</sub> gross/t clinker | 749   | 754   | 744   |
| kg CO <sub>2</sub> net/t cement eq | 523   | 533   | 525   |

The metric ton of CO<sub>2</sub> per ton of cement ratio is improving. Brazil significantly increased its cement production while reducing its clinker content (from 76.9% to 72.8%), which improved the ton of CO<sub>2</sub> per ton of cement ratio.

For several years, the Vicat Group has taken steps to decarbonate the activity of its European cement plants by using alternative fuels.

### 2.2.2. Other impacts of industrial activities

#### 2.2.2.1. Electricity consumption (in GWh)

|                             | 2020         | 2019         |
|-----------------------------|--------------|--------------|
| Cement                      | 2,436        | 2,182        |
| Aggregates                  | 68           | 65           |
| Concrete                    | 29           | 28           |
| Other Products and Services | 44           | 41           |
| <b>TOTAL</b>                | <b>2,577</b> | <b>2,316</b> |

The increase in electricity consumption is directly related to the increase in production, particularly of cement.

Specific consumption remains stable overall:

|  | 2020 | 2019 |
|--|------|------|
| Cement (KWh / t cement)                  | 102  | 101  |
| Aggregates (KWh / t aggregates)          | 3.2  | 3.0  |
| Concrete (KWh / m <sup>3</sup> concrete) | 3.4  | 3.3  |

#### 2.2.2.2. Atmospheric emissions

##### Change in dust, SO<sub>x</sub> and NO<sub>x</sub> emissions (Group cement scope)

|                 | 2020  | 2019  | 2018  |
|-----------------|-------|-------|-------|
| Dust            | 55.7  | 53.9  | 55.8  |
| SO <sub>x</sub> | 230   | 334   | 207   |
| NO <sub>x</sub> | 1,029 | 1,248 | 1,099 |

Dust emissions remain stable and comply with applicable local regulations.

Improvements in quarry management in the United States (Ragland) and in Brazil reduced SO<sub>x</sub> emissions in 2020.

The reduction in NO<sub>x</sub> emissions observed in 2020 results from the commissioning of the "Selective Non Catalytic Reducer" at the Lebec cement plant (United States) and the improvement of the production process in the cement plants in Senegal and India.

Investments in burner technologies and alternative fuels reduce the generation of NO<sub>x</sub> in kilns at source.

### 2.2.2.3. Water management by business activity (Group scope)

#### In 2020

|   | Cement | Aggregates | Concrete | Other Products and Services |
|---|--------|------------|----------|-----------------------------|
| <b>Percentage recycled</b> (in %)                                 | 67%    | 66%        | 23%      | 16%                         |
| <b>Net intake</b> (in thousands of m <sup>3</sup> )               | 8,516  | 5,131      | 1,513    | 1,499                       |
| <b>Environmental discharges</b> (in thousands of m <sup>3</sup> ) | 4,851  | 2,391      | 0        | 1,337                       |
| <b>Effective consumption</b> (in thousands of m <sup>3</sup> )    | 3,665  | 2,739      | 1,513    | 163                         |

The Vicat Group is attentive to its water consumption and has made its production teams aware of this. It strictly applies regulations in this area.

#### 2.2.3.4. Waste management and cleanliness of Vicat Group sites

The Vicat Group lists all the areas capitalized for its activities (industrial sites, commercial buildings, quarries, forests, agricultural land) that are rented or owned. The Group ensures that the sites of its cement plants, quarries and concrete batching plants are kept clean and fit into their landscape.

The Vicat Group's activities generate very little waste. The majority is recycled internally in the manufacturing process. Remaining waste

is treated appropriately in dedicated pathways, in accordance with regulations.

The Group continues to raise awareness among its employees about the importance of the "reduce, reuse and recycle" approach, to collect waste and to limit water and electricity consumption. In view of the Covid-19 crisis, it was possible to organize these actions by video conference, as in Brazil, on the occasion of Environment Week from June 1 and 5, 2020.

## 2.3. Preserving biodiversity

### 2.3.1. Protection of species

#### Actions for flora and fauna

Each respective site has its own characteristics. The numerous initiatives to preserve biodiversity are generally carried out locally in partnership with specialized associations. They make it possible to maintain islands of biodiversity on the sites which can be used to recolonize the quarries or other sites after exploitation.

The most successful example for Vicat is the Mépieu quarry in France, where the departments of Isère, Ain and Rhône come together. This quarry was opened without the slightest opposition.

To this end, fifteen years before the application was submitted, a study was carried out with FRAPNA Isère. An interesting area, from a biodiversity point of view, was identified on the quarry's right-of-way.

These ponds were no longer maintained, which led to a significant loss of biodiversity (fauna and flora).

It was decided to preserve 160 hectares of land as a voluntary nature reserve, the management of which was given to LO PARVI, a local association. Good management of this wetland made it possible to repair what man had damaged and to evaluate methods for measuring biodiversity. Today, species that had disappeared from this environment are reappearing.

The limestone quarry, in operation, adjoins this area and has the advantage of recreating the profiles that were those of the watercourses, before they were virtually canalized.

Once operations are completed, the perimeter of the voluntary nature reserve is to be extended to the quarry so that it can be recolonized by the biodiversity reserve contained in the initial 160 hectares.

Another example of convergence between industry and biodiversity is the installation of wildlife conservation centers near Vicat quarries: the "Tichodrome" in Vif and the "Tétras Libre" in Montagnole, which opened in May 2020. These "hospitals", managed by associations linked to the environmental NGOs France Nature Environnement (FNE) and the League for the Protection of Birds (LPO) take in injured animals, treat

them and shelter them during their convalescence before releasing them back into their natural environment. Vicat donates the premises and contributes to the operating costs.

Since 2015, the Vicat Group has been behind the "Odyssey" initiative aimed at preserving pollinating insects and wild bees. Although they do not produce honey, wild bees have an essential role in the pollination of wild crops and plants. Present in rural areas, these species are also found in urban areas.

The Odyssey approach consists of several components, starting with the implementation of concrete actions aimed at providing pollinators on thirty-five Vicat sites to date (quarries, ready-mixed concrete production units and cement plants) a nectar-bearing resource as well as favorable conditions for their development. These include the sowing of flowering meadows, as well as the establishment of six conservation orchards, two of which are in cement plants, in partnership with "Les Croqueurs de pommes", an association that aims to preserve the region's fruit and ancient arboreal heritage. These actions are an opportunity for Vicat to raise awareness among its employees and the public about the preservation of biodiversity, such as at the Xeuilley cement plant, where a fruit tree grafting operation was organized in the summer of 2020.

Another component of Odyssey is a research programme on urban biodiversity conducted by Vicat in partnership with the National Research Institute for Agriculture, Food and the Environment (INRAE), aimed at studying the capacity of concrete to accommodate the nesting of wild bees in dedicated modules. These concrete modules are currently being tested at Vicat sites.

### Aquatic biodiversity

In Senegal, in order to combat the proliferation of mosquito breeding sites, a vector of malaria, the Group released nearly 1,000 tilapia fingerlings (a local fish species donated by the Senegalese National Aquaculture Agency) into the pit bottom lake of the Diack quarry operated by its subsidiary Gécamines.

In France, after the immersion of artificial concrete reefs fostering marine biodiversity off the Cap d'Agde, the Group has developed a partnership with the Mediterranean Oceanographic Institute of Marseille, the *Fondation Jacques Rougerie*, IFREMER and Tangram architects for the exploration of marine biodiversity in very deep environments (-2,400 meters). This "Bathyreef" project is due to materialize in 2021 with the immersion of the concrete reef and the observation robot.

### 2.3.2. Forest management

Sustainably managing its forests is an area of improvement on which the Group is increasingly focusing as a major landowner, particularly in France.

Based on forestry surveys conducted by independent experts, the Group put in place an action plan to develop and maintain its forestry assets with a view to their sustainable management if possible, as part of its circular economy approach to produce wood energy for its business needs and underscore its connection to the local area by supporting the timber industry (forestry experts and growers).

It was estimated that Vicat owned 1,838 hectares of forest in France in 2020. Eight simple management plans (SMPs) were approved in 2020, covering 1,464 hectares. The other properties are not covered by a simple management plan for a variety of reasons (operation of quarries, easements under which third-parties are entitled to cut wood, forests for which a simple management plan is not required, small parcels of forest, operational difficulties).

The study entrusted in 2017 to the French National Forestry Ownership Center (CNPF) estimated stocks of carbon in the Group's forests under simple management plans at around 835,860 metric tons of CO<sub>2</sub> locked into all sections of these forests (above-ground and below-ground biomass, dead wood, understorey vegetation, top soil and leaf litter).

### 2.3.3. Quarry rehabilitation

The Group is developing a comprehensive rehabilitation policy for its quarries based on dialogue with naturalist associations, but also with owners, farmers in the event of agricultural rehabilitation, and local stakeholders (municipalities, etc.).

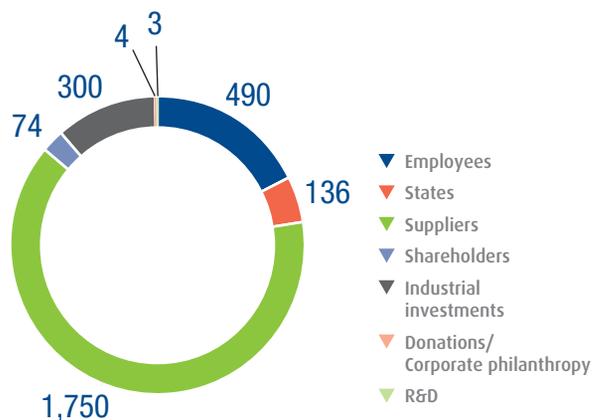
In 2020, 84% of quarries were subject to a rehabilitation plan across the entire Group.

In Brazil, its subsidiary Ciplan is committed to the regeneration of forest areas where biodiversity has been depleted. The "Degraded Area Recovery Plans" (*Planos de Recuperação de Áreas Degradadas - PRAD*) program covers an area of 19,664 hectares spread over the Guapó/GO sites (13,604 hectares) and the site of the cement plant (6 hectares).

## 2.4. The Group's social commitments

### 2.4.1. Conduct of business and dialogue with stakeholders

#### 2.4.1.1. Sharing the value created



#### 2.4.1.2. Sustainable purchasing policy

The Vicat Group gives priority to local purchases wherever possible, in order to limit the environmental footprint of its purchases while increasing the development of the local economic fabric.

Contracts, initiated by the Purchasing Department, include provision for its partners to confirm their adherence to the main principles of international law set by the International Labor Organization on non-discrimination, the ban on forced labor or child labor.

In each of its purchasing procedures, the Group also applies an approach which takes into account not only economic factors, but social, societal and environmental factors as well. This approach is implemented directly by the procurement units of the Group's subsidiaries.

The Group is committed to working with leading suppliers which have adopted the principles of CSR and international standards on sustainable development.

The rise of a purchasing policy and the organizational evolution of the Group as part of a larger group of companies from which its supplies, sales and logistics result call for innovative approaches and necessary dialogue. The challenge for the Vicat Group is therefore to align its CSR objectives with its purchasing policy to make it a vehicle for the transformation of its production system. To do this, the Group asks its subcontractors and suppliers to undertake to "comply with laws and regulations, as well as human rights as expressed by international conventions and standards"; these commitments are covered by specific contractual clauses and are based on the principles defined in the code of conduct applicable to Vicat Group suppliers.

The following improvement actions are planned for 2021:

- all Group buyers will be trained in the challenges and best practices of responsible purchasing;
- all of the Group's Purchasing Departments will be encouraged to promote the qualification of suppliers employing disabled workers;
- the Group Purchasing Directive, whose objective is to define the essential rules of the process (purchasing, including responsible purchasing), will be deployed to all Group subsidiaries;
- reporting of responsible purchasing actions will be systematic.

#### 2.4.1.3. Business ethics and corruption prevention

In order to comply with its ethics and the obligations prescribed by law (in particular Sapin II in France), the Vicat Group implements a policy of preventing and combating corruption. Supported by internal audit as part of its control of operating procedures, the Compliance Department oversees the implementation of this policy.

The rise of a purchasing policy and the organizational evolution of the Group as part of a larger group of companies from which its supplies, sales and logistics result require innovative approaches and a necessary dialogue. The challenge for the Vicat Group is therefore to align its CSR objectives with its purchasing policy to make it a vehicle for the transformation of its production system. To do this, the Group asks its subcontractors and suppliers to undertake to "comply with laws and regulations, including those relating to the environment, as well as human rights as expressed in international conventions and standards"; these commitments are covered by specific contractual clauses and are based on the principles defined in the code of conduct applicable to Vicat Group suppliers.

The Compliance Director leads a network of Compliance Officers in each country. The Compliance Officer is responsible for deploying and enforcing the organization, procedures and training to prevent and fight against corruption. These measures are continuously monitored and reported to the Audit Committee. The recommendations issued by the independent audit firm specializing in Compliance, ADIT, have been implemented and are subject to a continuous improvement process, including the revision of the anti-corruption risk mapping by country.

In addition, the Vicat Group ensures fair practices. It regularly organizes training and audits on competitive practices. These training courses are primarily intended for operational management and sales executives. They are delivered by attorneys or consultants specializing in competition law. All members of the France Management Committee, for example, were once again trained in competition rules in October 2020.

Finally, the Group's Code of Ethics is part of its desire to conduct its business with respect for its stakeholders (customers, suppliers, service providers, employees, residents of the regions where it operates, etc.). The Code promotes respect for women and men, society and the environment. In it, the Vicat Group affirms that respect for laws and regulations is an essential and indispensable requirement. It pledges to uphold the ethical principles set forth in the Code and calls on the support of all its teams in this process.

Since March 26, 2019, in France, where it has its registered office, the Vicat Group has been registered on the declaration website of the High Authority for Transparency in Public Life, in charge of monitoring ethics and conflict of interest issues relating to the exercise of public functions.

#### 2.4.1.4. Indirect jobs and support for local entrepreneurs

Due to the nature of its industrial operations, the Vicat Group creates numerous jobs both upstream and downstream of its production units. It is estimated that in the industrialized world for every one direct job in a cement plant, there are ten associated indirect jobs. This is particularly the case in France (data published by the Infociments website) where upstream suppliers and the whole ready-mixed concrete and precast concrete sector are linked to a cement plant operation in the Group's local network. The Group is also involved in various local economic development initiatives such as the Alizé network. It chairs the Alizé Savoie Approvals Committee, which has been supporting very small companies in the Savoie region for twenty years through zero-interest loans and the provision of expertise from the program's corporate partners. At December 31, 2020, the report showed plans to create 25 additional jobs over the course of the financial year.

Often more staff are employed on production sites in developing countries than in developed countries. It is less common to outsource the support functions (maintenance, for example) because of a lack of qualified industrial infrastructure for the cement industry. The cement plant operated by Sococim Industries (Senegal) generates five indirect jobs for 1 direct job. Initiatives by the Sococim Foundation help to boost activity in the Rufisque area by supporting the development of local companies (very often created by women) that rely on traditional skills in various areas such as the processing of locally-grown cereals, artisan dying and the sale of fabrics. In Kazakhstan and India, it is estimated that the ratio of direct jobs to indirect jobs related to the operation of cement plants is between one and three..

#### 2.4.2. Concern for product quality and consumer health

The Vicat Group pays particular attention to the quality of its products to meet the needs of its customers, which it wishes to support by providing them with clear information on product performance.

The vast majority of the products it produces and sell comply with non-mandatory standards which define the quality and safety levels it commits to achieve.

The Vicat Group submits its products to regular checks carried out in accordance with internal or external procedures by various bodies in order to certify product compliance with the relevant rules or standards, for all ranges of products manufactured.

All of the health and safety information required to use the Group's products under optimal conditions (safety instructions, application advice, and recommendations regarding use) is set out on the packaging (in particular, on cement bags).

#### 2.4.3. Socio-cultural philanthropy actions to support regional development

The Vicat Group is an economic player that contributes to the overall development of the regions where it operates. It works to this end either directly or in conjunction with its corporate foundations, the Louis Vicat Foundation in France and the Sococim Foundation in Senegal.

Its initiatives in favor of local populations are numerous. The development of inclusion for all with a particular focus on making women aware of the industry, access to education, culture awareness, preservation of heritage, health prevention, sport are key priorities. Its strong links with the local communities ensure these initiatives are successful and sustainable. They are initiated by the different local managers but are also widely supported and implemented by all employees who give their time.

##### 2.4.3.1. Actions in the field of education

Vicat's actions target all levels of education, from primary school to university, and support local government policies. They relate to the improvement of learning conditions (supply of materials for maintaining or building the institutions for students), supply of equipment (from IT tools to office equipment), granting of scholarships and reception of interns so that they can learn about the Group's businesses.

In India, the Vicat Group has created a new kindergarten in the village of Pandillapalli in the state of Andhra Pradesh, just a few kilometers from its Kadapa factory. The kindergarten opened in 2019 and 31 children now attend. The establishment project was granted ISO 9001 certification. The children also have a special canteen. In 2020, the Group also took part in the renovation program for the 1930 schools in Andhra Pradesh through donations of cement. It also provided digital tools for the organization of online classes within the Louis Vicat DAV Vidya Mandir school groups (375 students at the Bharathi cement plant and 480 students at the Kalburgi cement plant).

In Senegal, the Group took part in the rehabilitation of the Gouye Mouride primary school in Rufisque. With the support of the Sococim Foundation scholarship, Mr. Ababacar Sadikh Sembene was able to join the *Ecole polytechnique* in France. 16 other students benefited from this scheme in 2020. The Sococim Foundation has also signed research support agreements with the Cheikh Anta Diop University in Dakar.

In Brazil, the extension of the "Queima Lençol community school" in Fercal, built with materials provided by Ciplan, a Group subsidiary, has increased the school's capacity from 200 to 800 students in 2020. Ciplan also supports the University of Brasilia, the university center of the Federal District and the Paulista University.

The Group works alongside architecture and engineering schools to pass on knowledge of its businesses and to develop joint projects on research and innovation. One such example is the partnership with ESTP, a specialized civil engineering school, in Paris. In Kazakhstan, the Jambyl Cement subsidiary developed in 2020 a partnership with the Zhambyl Polytechnic Higher College in Taraz for training in industrial occupations (chemists, welders, plumbers, mechanics).

In France, one example of the commitment made by the Vicat Group to supporting students from disadvantaged neighborhoods is the support provided by its subsidiary SATM for the *Ma chance, moi aussi* association. This association is involved in providing academic support to children aged between five and seven from disadvantaged neighborhoods at after school clubs offering a range of activities including schoolwork, games, cultural activities, and sport. Important subjects such as the value of community life, personal beliefs, ethical values, etc. are also touched on.

A partnership was established in 2020 with the NGO Human Right Watch to promote access to education for young girls in Africa.

### 2.4.3.2. Actions in the field of cultural discovery and sport

Cultural activities were strongly impacted in 2020 by the Covid-19 crisis and most projects that had face-to-face content were postponed.

The Group sponsors several sports clubs in the countries where it operates. Given its local roots in the Lyon area and its particular focus on the development of women's sport, the Vicat Group has solid, sustainable ties with the Olympique Lyonnais women's soccer team.

### 2.4.3.3. Health actions

The Group works hard to facilitate access to local health care (regular malaria prevention programs, opening of clinics to local populations, free access to certain kinds of care, free transport offered by the cement plant's ambulance, contributions to local hospitals), particularly in the most fragile communities.

To tackle major public health issues in India, the Group has created two medical and social centers: one in the village of Chatrasala, close to Kalburgi cement plant in India, and the other in Nallalingayapalli, close to the Bharathi cement plant. Since they opened, the number of consultations has been increasing consistently.

The particular strength of this second center is that it offers patients remote consultations *via* videolink with specialist physicians from the Apollo hospital in Hyderabad. In addition, this center is equipped with a medical laboratory.

These two centers are one of the contributions made by the Group to health-related issues in India. The Group also tries to support preventative healthcare initiatives, such as providing access to clean drinking water for residents of the neighboring villages. Over 1,300 households come to the distribution center on a daily basis to fetch water. In order to limit the risk of groundwater pollution, the Group supported existing public policies by building 128 additional private toilets in 2019 intended mainly for women.

The issue of waste management has also been addressed: a household waste management center is operated for the four nearby villages and the workers' residence attached to the Bharathi factory. This is active in raising awareness amongst all stakeholders and limiting unauthorized waste disposal.

In 2020, as part of the fight against the Covid-19 pandemic, the Group mobilized in the countries where it operates by distributing kits (gels, masks, gloves) to local populations and by taking action to raise awareness of barrier gestures.

## 2.5. A human resources policy for the inclusivity and commitment of employees

The Vicat Group actively contributes to the local development of the regions where it operates through the long-term jobs it generates and through a considerable training and promotion effort for its employees, to guarantee their employability.

### 2.5.1. Hiring locally and building team loyalty in close proximity to markets

#### 2.5.1.1. General changes in the workforce

##### Type of workforce changes in 2020

|                                       |              |
|---------------------------------------|--------------|
| <b>Workforce at December 31, 2019</b> | <b>9,947</b> |
| Natural attrition                     | (1,039)      |
| Redundancies                          | (323)        |
| Changes in consolidation scope        | 20           |
| Recruitment                           | 1,224        |
| <b>WORKFORCE AT DECEMBER 31, 2020</b> | <b>9,829</b> |

The decrease in the workforce between 2019 and 2020 is mainly due to the subcontracting of some of the teams in Egypt and an adaptation of each country to the activity during this period of health crisis. This slight decrease once again illustrates the Group's commitment to its teams, even in times of great uncertainty.

The change in scope is due to an acquisition in the Concrete business in France.

The Group's departure rate decreased between 2018 (14%) and 2019 (9.9%), and stagnated in 2020 (10.3%) during a period of health crisis. A significant number of staff joining or leaving the Group held posts linked to the seasonal nature of the Group's business activities, especially in France and Turkey. In addition, Turkey, Brazil, Kazakhstan and India recorded a typically high turnover which reaches a rate of 8.6% in 2020, which is considered low in this country.

##### Group headcount as at December 31 by geographical area

| <i>(in number of employees)</i> | 2020         | 2019         | Change (%)   |
|---------------------------------|--------------|--------------|--------------|
| France                          | 2,959        | 2,992        | -1.1%        |
| Europe (excluding France)       | 1,147        | 1,170        | -2.0%        |
| Americas                        | 2,101        | 2,090        | 0.5%         |
| Asia                            | 1,219        | 1,235        | -1.3%        |
| Africa                          | 950          | 934          | 1.7%         |
| Mediterranean                   | 1,453        | 1,526        | -4.8%        |
| <b>TOTAL</b>                    | <b>9,829</b> | <b>9,947</b> | <b>-1.2%</b> |

##### Average Group workforce by geographical area

|                           | 2020         | 2019         | Change (%)  |
|---------------------------|--------------|--------------|-------------|
| France                    | 2,987        | 2,944        | 1.5%        |
| Europe (excluding France) | 1,097        | 1,118        | -1.9%       |
| Americas                  | 2,132        | 2,086        | 2.2%        |
| Asia                      | 1,228        | 1,236        | -0.6%       |
| Mediterranean             | 1,510        | 1,573        | -4.0%       |
| Africa                    | 948          | 901          | 5.2%        |
| <b>TOTAL</b>              | <b>9,902</b> | <b>9,858</b> | <b>0.4%</b> |

Overall, the Group's workforce remained stable in 2020 despite the Covid-19 crisis.

For the Mediterranean region, the decrease is due to the outsourcing of some of the Egyptian teams.

##### Breakdown of the workforce by business segment and socio-professional category

|                    | Cement       | Concrete & Aggregates | Other Products and Services | Total        |
|--------------------|--------------|-----------------------|-----------------------------|--------------|
| Executives         | 1,215        | 350                   | 244                         | 1,859        |
| White-collar staff | 1,433        | 994                   | 440                         | 2,856        |
| Blue-collar staff  | 1,752        | 2,296                 | 904                         | 5,114        |
| <b>TOTAL</b>       | <b>4,400</b> | <b>3,849</b>          | <b>1,580</b>                | <b>9,829</b> |

The breakdown of the workforce by business segment reflects the development of the Group's operations, particularly in the Cement business in Turkey, India, Egypt and Brazil, in Concrete in the United States and Brazil, and in Aggregates in Senegal and Brazil. In 2020, the Group's workforce in the Cement business remained predominant at 44.8% (46.5% in 2019). The Concrete & Aggregates business continued to grow in 2020 to reach 39.2% (37.6% in 2019). The Other Products and Services business remained stable at 16.1% in 2020 (15.9% in 2019).

In 2020, the proportion of Blue-collar staff increased slightly to 52% of the total workforce (51.6% in 2019).

The proportion of White-collar staff decreased to 29.1% in 2020 (31.1% in 2019).

The proportion of Executives increased to 18.9% in 2020 (17.3% in 2019).

### Average Group workforce and changes

| <i>(in number of employees)</i> | 2020         | 2019         | Change      |
|---------------------------------|--------------|--------------|-------------|
| Cement                          | 4,482        | 4,528        | -1.0%       |
| Concrete & Aggregates           | 3,823        | 3,708        | 3.1%        |
| Other Products and Services     | 1,597        | 1,622        | -1.4%       |
| <b>TOTAL</b>                    | <b>9,902</b> | <b>9,858</b> | <b>0.5%</b> |

### 2.5.1.2. Remuneration policy

#### Remuneration schemes

The Group's remuneration policy is based on rewarding individual and joint performance and securing team loyalty. It takes into account environmental and inclusivity issues, culture, macroeconomic conditions, employment market characteristics, and compensation structures specific to each country.

In France, Vicat SA and its subsidiaries apply the statutory scheme for employee profit-sharing or, in some cases, operate under an exemption. Sums received are invested in the Group savings plan (*Plan d'Epargne Groupe*, or PEG) and in Vicat SA shares, as applicable. In addition, Vicat SA has put in place a profit-sharing agreement. In 2013, a Group retirement savings plan (*Plan d'Epargne Retraite Collectif*, or PERCO) was set up for employees. In order to better support employees preparing for retirement, an agreement to annually transfer a number of days defined in the time savings account (CET) and paid vacation (under certain conditions) into the PERCO entered into force in 2015. In 2020, in France, a "purchasing power" bonus was paid as in 2019. It was supplemented by a "Covid-19" bonus paid in November 2020.

The remuneration policy places particular importance on gender equality and applies the "same salary for the same job" principle.

For several years now, like the remuneration policy for executive Company officers, the variable portion includes the performance of the Group's managers in terms of reducing greenhouse gas emissions and inclusivity (with a focus on the position of women in the Group and their development).

#### Minimum wage

In all countries where the Vicat Group operates, its subsidiaries do not pay salaries lower than the local statutory minimum. If no such legal threshold is in place, the salaries paid are at least greater than the minimum in the local market by comparing to benchmarks provided by independent local third parties: HR consulting firms, recruitment consultants, etc.

#### Change in personnel costs as at December 31, 2020

The Group's personnel costs increased by € 14.5 million (*i.e.* +3.1%) to € 489.9 million in 2020 (€ 475.4 million in 2019). This difference is explained by changes in France and Switzerland mainly. The increase in payroll in France (+€7.7 million) is due to:

- recruitment of management for the ecological, solidarity and digital transitions, and for major projects (Grand Paris, Euralpin Tunnel Lyon Turin, etc.);
- the deferral effect of acquisitions and general increases;
- "purchasing power" and "Covid" bonuses paid in 2020.

The exchange rate effect on the Swiss payroll contributed nearly € 5 million to the increase in the Group's personnel costs.

#### Personnel costs

| <i>(in thousands of euros)</i>                            | 2020           | 2019           |
|---|----------------|----------------|
| Wages and salaries  | 371,372        | 345,338        |
| Payroll taxes   | 113,791        | 125,048        |
| Employee profit sharing (French companies)                | 4,758          | 5,010          |
| <b>Personnel costs</b>                                    | <b>489,921</b> | <b>475,396</b> |
| Average number of employees of the consolidated companies | 9,902          | 9,858          |

## 2.5.2. Supporting skills acquisition and development to guarantee employability

### 2.5.2.1. Training policy

The Group's ability to attract and retain employees through an effective and inclusive process are two cornerstones of human resources policy.

Its employer brand, which reflects its culture and values, and the fact it is a family-owned, international group, makes it attractive to candidates.

Internal promotion is favored where possible. The objective is to offer everyone career development prospects that allow them to realize their ambitions and their full potential. Mobility, both operational and geographical, is one of the conditions of this progression.

The aim of the Group's human resources policy is to ensure that the individual and collective skills of staff are in line with the Group's strategy

### 2.5.2.2. Training indicators

|  | 2020    | Var 2020 vs 2019 (%) | 2019    | Var 2019 vs 2018 (%) | 2018    |
|--|---------|----------------------|---------|----------------------|---------|
| Hours of training                                      | 140,740 | -31.9%               | 206,654 | 45.5%                | 142,025 |
| Employees having attended at least one training course | 5,864   | -20.0%               | 7,329   | 34.8%                | 5,438   |

The decrease of -31.9% in the number of training hours in 2020 compared to 2019 is due to the cancellation of training courses due to the health crisis.

People who received training acquired the skills and knowledge needed to access long-term employment and career prospects in the industry.

## 2.5.3. Promoting inclusivity

The Vicat Group continues to adopt an inclusive approach both in its policies for employees and those for local residents in the countries in which it operates.

These policies include diversity, gender equality and anti-discrimination initiatives and reflect a desire for stable employment by offering permanent contracts to a vast majority of employees (nearly 94% of Group employees in 2020 as in 2019). In France, nearly 95% of Group employees have a permanent contract.

As an example of the commitments made by the Group to promote inclusivity, an in-house guide entitled "Best practice for high-performance

on a short, medium and long-term basis. By design therefore, 50% of the members of the digital team are internal recruits.

In 2020, the Group training plan remained focused on health and safety in the workplace, energy transition (reduction in greenhouse gas emissions), the protection of biodiversity, the careful use of resources, the circular economy, digital and the prevention of the risk of cyber-attacks, managerial performance, industrial and commercial performance, and inclusivity). Training is provided on a repeat and long-term basis. In 2020, nearly 60% of teams received at least one training course.

In France, with the *Ecole du Ciment, du Béton et des Granulats*, the Group has an internal training institute for its Cement and Concrete & Aggregates businesses housed within its subsidiary Sigma Béton. Training courses are developed and delivered by drawing on in-house technical expertise. The businesses in France continued their sales force training program. Despite the health crisis, apprenticeships have been maintained at a high level (more than 4% of the workforce) in order to create a pipeline for training in the Group's business sectors and prepare for future hires.

and inclusive recruitment" was launched in 2019 and rolled out across the Group in 2020, with associated e-learning.

### 2.5.3.1. Commitment to diversity

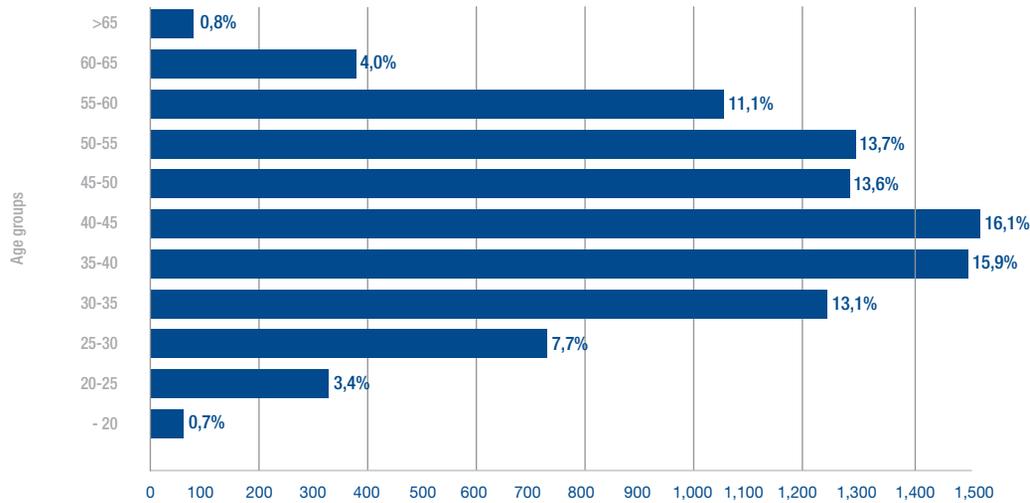
Human resources policies are framed by adherence to and promotion of the values that underpin the Group's culture. They take into account social transition issues.

#### An intergenerational policy for employees, jobs and skills

Recruitment, training, remuneration and promotion policies stipulate that the Group cannot discriminate against an employee or applicant on the grounds of age.

In France, in order to nurture training courses in the materials industry, the objective in terms of apprenticeships is to reach 5% of the workforce. It was revised downwards due to the health crisis. The desire to achieve parity for this population remained true in 2020. For 2021, the target is again 5%. In 2020 and in 2021, the Group's activities in France are partners of the French government's plan - France Relance: "One young person, one solution", with the support of the Louis Vicat Foundation.

AGE PYRAMID AS AT DECEMBER 31, 2020



In 2020 as in 2019, the Group maintained a balanced age pyramid.

The number of employees under 35 remained proportionately higher in Mali (50%), Brazil (38.7%), Kazakhstan (37.5%), Turkey (28.1%), and Egypt (24.7%). It stands at 24.9% for the Group (27.9% in 2019).

The population of over 50 years old within the Group is 29.6% (27.8% in 2019) of the workforce, with a strong proportional presence in the United States (44.6%), Switzerland (44.9%) and France (37.7%).

The underlying trend is team stability. This stability also confirms the absence of a policy that encourages the departure of older workers and discriminates against this category

In preparation for the impact of retirements, the Group ensures that there is a handover phase with recruitment for the effective transfer of knowledge and life skills between generations.

**Change in average length of service and average age of the Group’s workforce**

|                        | Average age |             | Average years of service |             |
|------------------------|-------------|-------------|--------------------------|-------------|
|                        | 2020        | 2019        | 2020                     | 2019        |
| <b>GROUP</b>           | <b>41.1</b> | <b>42.5</b> | <b>9.2</b>               | <b>9.3</b>  |
| <i>of which France</i> | <i>38.5</i> | <i>43.6</i> | <i>11.4</i>              | <i>12.0</i> |

The cumulative stability of the average age within the Group and the average length of service reflects the general stability of the workforce and illustrates the responsible sustainability for which the Group strives in terms of employment. The decreases observed are mainly due to the entry of employees by change in scope (in Brazil with Ciplan and in Senegal in the Aggregates business).

**Measures to promote the employment of people alienated from the jobs market**

Vicat has an active policy to recruit and train people alienated from the employment market in the countries in which it operates. For example, in India almost 400 villagers (often illiterate and uneducated) were trained then hired to work at the Kalburgi and Bharathi cement factories.

Since 2013, Altola, a Swiss Group company, has been working with Oltech GmbH, a not-for-profit company offering socio-professional opportunities for the long-term unemployed. Altola involves an average of six participants from Oltech in work on the recycling of electronic waste at its Olten site. These individuals are supervised by socio-professional support workers. Altola has already made two hires via this program.

In 2018, the Vicat Group accepted France’s President Emmanuel Macron’s invitation to join the *La France une chance, les entreprises s’engagent* and “P.A.Q.T.E” (*Pacte avec les Quartiers pour toutes les Entreprises*) initiatives, which are included in the *France Relance* plan, in order in particular to increase the number of apprenticeships and hires involving residents in disadvantaged city neighborhoods and areas designated for rural development.

In 2020, the Vicat Group became involved with inclusivity clubs in Isère, Alpes-Maritimes, Rhône and Allier.

#### The Louis Vicat Foundation and disability in 2020

Created in 2017, to mark the bicentenary of the invention of artificial cement by Louis Vicat, the Louis Vicat Foundation, chaired by Sophie Sidos, has set itself the goal of promoting scientific and technical culture, preservation and enhancement of heritage, education and solidarity. In terms of solidarity, the Foundation carried out a series of inclusive actions in 2020 for the benefit of people with disabilities and excluded from employment. Initiatives were taken with the association "Vaincre la mucoviscidose" as part of the "Virades de l'Espoir" or AfB, a company specializing in the recycling of IT equipment by people in the sheltered sector. It has also encouraged coaching of people with disabilities by Group employees. This commitment was materialized by the Vicat Group's participation in the "DuoDay" in France in November 2020, an event that aims to change the way people look at disability in companies.

Ever closer partnerships with associations focusing on social insertion such as *Sport dans la Ville*, *Tous en Stage*, *Institut Télémaque*, Afiph (*Association Familiale de l'Isère pour personnes handicapées*), *Les entreprises pour la cité* and establishments to help job seekers such as the 2<sup>nd</sup> chance schools and local initiatives have helped turn these commitments into concrete actions. Permanent positions have been reserved for individuals from disadvantaged city neighborhoods and areas designated for rural development. 12 sponsorship programs have been put in place between a Vicat Group employee and a young person from the *Sport dans la Ville* association or the *Institut Télémaque*.

In 2020, the partnership with the association *Tous en Stage* (France), (an innovative solution for businesses and high school freshmen and interns) and the association *Les Entreprises* (Nice) led to the Group's activities in France hosting interns from high schools within France's priority education network scheme. This experience offers young people a wider and more diversified view of the business.

As part of its intention to include women of all ages and social backgrounds in the Company, the Vicat Group's actions have focused on raising awareness of careers in industry amongst young women. Young women from the *L dans la Ville* program run by *Sport dans la Ville* had meetings with Group employees.

#### Measures to promote the integration of disabled people

The Vicat Group applies a proactive policy in relation to disabled people on a country-by-country basis, and this despite the health crisis.

Group companies thus employ disabled workers directly, through contacts with specialist organizations.

In France, the Group's approach is supported by organizations including the Disabled Persons' Occupational Integration Fund Management Association (or Agefiph) and the Isère Family Association for the Disabled (or Afiph).

In France, disabled employees represented 2.1% of the workforce in 2020 (*versus* 2.5% in 2019).

Two-thirds of the jobs held by disabled employees are industrial jobs.

This policy is also reflected abroad, in particular in Brazil (2.2%) and Turkey (3%).

A large range of actions are taken to help Group employees find out about and accept disability.

These actions are requested by General Management and supported by the support services (human resources internally and purchasing department externally), with the support of the Louis Vicat Foundation. All of the France-based teams took part in European Disability Employment Week held November 16 through 20, 2020, which featured daily awareness-raising exercises. The Group launched a series of actions in favor of research into the fight against cystic fibrosis at the initiative of the Louis Vicat Foundation such as participation of teams in the *Virades de l'Espoir* event, the purpose of which is to raise funds for cystic fibrosis research.

Partnerships have been developed for joint action and to combat prejudice which prevents disabled people from finding jobs in industry. As an example: in India, the company Kalburgi Cement has been providing financial support to the Ambubai school for blind girls since 2012. The company Bharathi finances the Samanvai school which specializes in providing education for disabled children.

The Group seeks to lead by example.

40% of the permanent employees of SODICAPEI, a company specialized in mining and marketing bauxite, are disabled, thereby embodying an innovative, sustainable policy in relation to employment benefits (medical cover, pension, etc.) and social recognition.

The desire to keep our disabled employees in work is shown by making the necessary changes to workstations, either by arranging working hours.

Objectives concerning disability continue in 2021:

- continue to raise awareness and provide training for people with disabilities (all audiences, all ages);
- keep employees with disabilities in employment;
- increase direct employment to 3.8% (French national average), despite the difficulties faced by the Group:
  - most sites are in rural or suburban areas and require means of transport,
  - industrial careers are too often wrongly perceived as being incompatible with disability by disabled people and their families;
- developing indirect employment via the development of contracts signed with the protected sector.

### 2.5.3.2. Commitment to equal treatment

#### Measures to promote gender equality

The Vicat Group recognizes the positive impact of women in its business. Gender equality remains one of the basic elements of its human resources policy and performance. Measures appropriate to each country are adopted to ensure equal access to jobs and training and equal treatment in terms of remuneration and promotion between men and women.

These results are achieved despite the constraints due to the industrial nature of Vicat's business and jobs.

Because of prejudice, industrial jobs remain very much the preserve of men. Blue-collar jobs account for 52% of the total workforce and in 2020 only 2.3% (1.9% in 2019) of these jobs are held by women. The result is the low proportion of women (10.7% in 2020) in the salaried workforce.

In 2020, the partnership agreement was renewed between Vicat and Sport dans la Ville. With exemplary support from the Louis Vicat Foundation, Vicat is participating in the *Industrie'elles, Déployez vos Ailes!* project. The goal is to change perspectives and break down the clichés that discourage young women from pursuing industrial careers. The young women in the *L dans la Ville* program work to understand the obstacles that stop them discovering the industrial sector, come up with concrete solutions to promote exploration of the sector and contribute to discussions on career paths and job searches in this sector.

The Group has always striven to overcome these obstacles. For example, early on the Group understood that innovation, the cornerstone of its history and its strategy, requires the presence of female employees.

Back in 2016, an action plan was launched in the Group countries where female employment is traditionally low to recruit women to these positions, thereby demonstrating that Vicat was prepared to break with the norms.

In 2020, the Group continued its action to “ungender” the positions in the minds of (internal and external) recruitment personnel and the applicants themselves. In France, it is standard practice to systematically include women among the candidates put forward for positions traditionally held by men. This applies to, work placements, work study/apprenticeships and fixed-term, permanent and temporary posts.

Through teamwork, coaching, training sessions and the sharing of best practices, the objectives are to identify female talent, improve women's performance, accelerate their leadership maturity, their awareness of their specific qualities, style and roles as leaders (a strong leadership characteristic within the Vicat Group) and to lower external and internal obstacles to giving key positions to women.

To further the quest to include more women in the workforce, the Group has joined several networks: *Femmes et Leadership*, *Femmes et Entrepreneuriat* and *Entreprises Réseau Egalité*, including in French-speaking Africa the *Forum international des pays francophones d'Afrique sur le leadership féminin*. The Sococim Foundation, operated under the technical supervision of Senegal's Ministry for Women, Families and Gender, supports the Group's policy to recognize the role of women in business by helping Senegalese women develop their own businesses.

Recruitment and internal promotions (also the result of a training policy for women) are concrete examples of the success of the Group initiatives.

Thus, the Corporate management team surrounding the Chairman and Chief Executive Officer is made up of nearly 40% of women. An example of internal promotion among others: within Sococim Industries, a Senegalese subsidiary and one of the largest cement companies in West Africa, a new female employee (Integrated Management Systems and Compliance Director) was appointed to the management team.

The Vicat Group pays particular attention to the equal treatment of women and men. In terms of salary, the Vicat Compensation Committee notes that the continuity of Vicat's gender equality policy, driven by merit-based promotion, helps to keep the difference low between 2019 and 2020. As expected, two women are in Vicat's top ten salaried positions as of 2020. Internal promotion initiatives are continuing in order to achieve parity in the Vicat's top ten salaried positions.

Since 2017, to exceed the targets set out in the agreement on gender equality with regard to pay (approved by its labor partners), the Company has embarked on a detailed salary review together with its labor partners to identify potential gender pay gaps on a post-by-post basis and has agreed in principle to a special remedial budget. The study revealed that the gap was close to 0% in terms of amount and value. The necessary adjustments have therefore been made.

These results illustrate Vicat's parity policy driven by promotion on merit.

In accordance with the French law *Liberté de choisir son avenir professionnel* (Freedom to choose a professional future) adopted in August 2018, the Vicat Group has published the results of the gender equality index for its companies in France. Based on either 4 or 5 indicators depending on the size of the company, companies must score at least 75 out of 100 on this index. For instance, the French companies having at least 250 employees all scored above 80 in 2020: a

- Vicat SA: 92/100.
- Béton Vicat: 86/100.

- Granulats Vicat: 85/100.
- Vicat France Services Support: 91/100.
- VPI: 87/100.
- Sigma Béton: 89/100.
- SATM: 89/100.

The Chairman and Chief Executive Officer has decided to apply this Index to all Group countries. Each Group company has an action plan to achieve the score of 100.

One example of an agreement signed to promote professional gender equality: the parental leave policy applicable in France has been improved, guaranteeing pay and offering the option of a 5-day part-time extension.

Lastly, echoing the International Day for the Elimination of Violence Against Women, Vicat launched its new campaign against bullying, sexual harassment and sexist behavior on November 25, 2020.

### Workforce as at December 31, 2020 by gender, category, average age, and average years of service

| (in number of employees) | Including    |              |                    |                   |             | Average age | Average years of service |
|--------------------------|--------------|--------------|--------------------|-------------------|-------------|-------------|--------------------------|
|                          | Total        | Executives   | White-collar staff | Blue-collar staff |             |             |                          |
| Men                      | 8,779        | 1,600        | 2,185              | 4,994             | 41.3        | 9.2         |                          |
| Women                    | 1,050        | 258          | 672                | 120               | 39.7        | 8.7         |                          |
| <b>TOTAL</b>             | <b>9,829</b> | <b>1,858</b> | <b>2,857</b>       | <b>5,114</b>      | <b>41.1</b> | <b>9.2</b>  |                          |

### Analysis of the workforce as at December 31 by gender

|       | 2020  | 2019  |
|-------|-------|-------|
| Women | 10.7% | 10.6% |
| Men   | 89.3% | 89.4% |

### Proportion of women as % of workforce

|                        | 2020        | 2019        |
|------------------------|-------------|-------------|
| Executives             | 13.9        | 13.9        |
| White-collar staff     | 23.5        | 23.2        |
| Blue-collar staff      | 2.3         | 1.9         |
| <b>GROUP TOTAL</b>     | <b>10.7</b> | <b>10.6</b> |
| <i>of which France</i> |             |             |
| Executives             | 25.7        | 25.2        |
| White-collar staff     | 25.4        | 26.1        |
| Blue-collar staff      | 2.6         | 2.9         |
| <b>TOTAL FRANCE</b>    | <b>18.5</b> | <b>18.7</b> |

The proportion of women employed in the Group continued to grow to reach 10.7% in 2020 (10.6% in 2019).

In France, the employment of women was stable at 18.5% in 2020 (18.7% in 2019). With a female workforce of 25% and 21.7% respectively, Kazakhstan and Italy still come top, with France. The Ciplan subsidiary is the Brazilian cement company that proportionately employs the most women in this country.

The percentage of female executives in the Group remains stable at 13.9% in 2020 as in 2019. The proportion of women in management increased in France to reach 25.7% in 2020 (25.2% in 2019). Nearly 30% of executive hires in France are female.

### 2.5.4. Respect for personal integrity

By putting its employees first, the Vicat Group relies on the strong and passionate commitment of its employees. It enters into constructive dialog, enabling it to maintain high-quality employment relations and ensure a healthy and safe working environment.

### 2.5.4.1. Maintaining high-quality labor relations

#### Compliance with international conventions

The values held by the Vicat Group, and shared with all its stakeholders, have forged its strong corporate culture. This corporate culture gives rise to respect in relations with others, solidarity between teams, the inclination to lead by example, a capacity to mobilize energies, and the wherewithal to take strong action on the ground to achieve objectives.

The Group complies with the rules of law in the countries where it operates in accordance with the principles of the United Nations Human Rights Charter which states as follows: “business should support and respect the protection of internationally proclaimed human rights within their sphere of influence and make sure they are not complicit in human right abuses”. All countries where the Group operates are signatories to the United Nations Human Rights Charter and are members of the International Labor Organization. Respect for the principles and fundamental labor rights enumerated in the Declaration related to freedom of association and acknowledgement of the right to collective bargaining, the elimination of all forms of forced or mandatory labor, the abolition of child labor and the elimination of employment and professional discrimination is the subject of particular attention within each company of the Group.

Training sessions for managers are frequently organized with a law firm specialized in current employment law, with a focus on professional equality, ethics, and preventing bullying or discrimination as part of their day-to-day responsibilities.

At the instigation of Group Management, entities in India, Kazakhstan and Senegal have each put in place a code of conduct complying with World Bank standards. Management in India is very sensitive to child protection and has regular, unannounced monthly audits conducted to check that no children are working on the Group's sites.

Proof of such compliance is found in the audits conducted by various local authorities, none of which revealed any failure to observe applicable laws and regulations in 2020.

#### Putting employees at the heart of corporate dialog

All Vicat Group companies comply with local laws on respect for freedom of association and the right to collective bargaining, and respect for the right of employees to information and consultation.

Social dialogue works well within the various companies.

In 2020 there were no strike days recorded at the Group's companies. No Group company was the subject of a complaint or conviction for sexual harassment, sexist behavior or bullying, discrimination or

infringement of freedom of association. Despite the health crisis, social dialogue and the social climate remained at the same level of mutual trust and transparency.

For 2020, the scope adopted for the “Review of collective bargaining agreements” indicator was limited to France. A total of 51 agreements were signed during this period.

#### **FOCUS ON ABSENTEEISM**

Another indicator of the quality of the labor environment is the absenteeism rate. Absenteeism is monitored in each country in order to identify the reasons and take appropriate action. In 2020, the Vicat Group deemed this indicator satisfactory despite the health crisis: 2.4%.

#### Proposing an employee-centered work organization

The Vicat Group's organization reflects its performance objectives. The management chain is short and the number of levels in the hierarchy reduced to operational requirements. Management is direct and local. Teams have real autonomy, driven by their commitment and sense of responsibility.

Work is organized in compliance with local legislation, and with the Group's own standards, in terms of working and resting time as well as health and safety. This work organization is designed to deliver the best performance from teams at the lowest cost. In France, remote working has been negotiated with the labor partners and was launched on June 1, 2019. Between the end of February and the first half of March 2020, all tertiary positions in the Group moved to teleworking as part of the fight against Covid-19.

The Group is attentive to the quality of working conditions for its teams, workplace health and safety, and working well together according to the Group's culture and values, emphasizing the importance of mutual respect, independence and accountability.

A mechanism allowing vacation days to be donated has been introduced at our French companies to allow employees dealing with family problems to be gifted additional days' vacation by their colleagues.

The Group's relatively small, human-sized team organization has always favored the use of best practices such as continuous improvement.

#### **FOCUS ON PART-TIME WORK**

The Group has little need for part-time jobs. As at December 31, 2020, the proportion of part-time employees remained stable at less than 2% of the workforce.

In most cases, part-time work is granted at the request of those concerned.

**FOCUS ON SHIFT WORKING**

Part of the Group's industrial business activities requires shift working. The statutory framework is systematically adhered to. In 2020, shift workers represented 18.5% of the Group's total workforce.

**2.5.4.2. Guaranteeing a safe and healthy working environment****Covid-19 health crisis**

Since December 2019, the Group's Management has been monitoring the evolution of the Covid-19 pandemic. In January 2020, a first prevention campaign highlighting barrier gestures was launched. At the end of February 2020, *i.e.* two weeks before the governments imposed drastic measures (lockdown, etc.), the Group had already switched to crisis management with the implementation of:

- measures to combat the pandemic which have been reinforced over the course of scientific progress (communication with the teams, barrier gestures, equipment and supplies such as hydro-alcoholic gels, plexiglass partitions, activity, action continuity plan, teleworking, orders of masks and mandatory mask wearing, systematic daily temperature recording, regular screening campaigns including voluntary families, etc.) in accordance with current health laws and protocols;
- a Group Covid-19 Crisis Committee and Covid-19 officers in the Group's countries.

The priorities from February 2020 were clearly stated and respected:

- protect employees as well as partners (customers, suppliers, subcontractors, etc.);
- protect activities and jobs (in satisfactory health conditions, produce and serve customers);
- prepare for the recovery.

In 2020, through strict compliance with anti-Covid-19 measures, the Group did not record any "clusters" or on-site contamination. No serious cases were reported. Unfortunately, due to contamination outside our sites and serious co-morbidity factors, we deplored the death of an Indian employee and a Senegalese employee in 2020.

From the beginning of March 2020, in France, the Management gave a directive that any employee who thought they were at risk because of an aggravating factor for themselves or a member of their family could take a leave of absence with continued pay.

Group Management has ensured that employees are not impacted economically by the consequences of this health crisis. There was almost no recourse to short-time working and compensation was maintained in the event of illness or leave due to an aggravating factor. In France, Management decided to pay a Covid-19 bonus in November 2020 to thank the teams for their commitment.

To support the teams in this health crisis, managers received training in crisis management, psychosocial risks (PSR) and teleworking. Likewise, training courses have been introduced to enable teams to learn how to operate in a generalized teleworking mode. Employee surveys were regularly conducted to find out about their difficulties and their psychological state, and to find concrete solutions.

In order to combat the pandemic, the Group has mobilized additional material and financial resources. In 2020, in France, more than one million masks were distributed to teams.

The Group has shown solidarity with the communities in the regions where it operates. For example, more than 20,000 FFP2 masks were given to the French regional health authorities in March 2020, in the midst of a shortage.

Faced with the Covid-19 pandemic, the Group's teams have shown exemplary commitment and courage. Best practices are constantly consolidated and improved to prepare for changes in this health crisis and anticipate future ones.

**Health and safety****CONTINUOUS IMPROVEMENT IN HEALTH AND SAFETY CONDITIONS IN THE WORKPLACE**

Protecting the health of all employees and guaranteeing their "physical and mental safety" is one of the Vicat Group's cardinal values. At all its sites around the world, the Group strives to improve working and living conditions, health and safety, in accordance with laws and regulations in force. The Group is implementing prevention measures to eliminate or reduce exposure to risks, risk itself, and to reduce the frequency and severity of workplace accidents and occupational illnesses.

The Group is continuing to strengthen and roll out its safety culture, maintaining its objective of "Zero accidents" (for its staff and staff from external companies).

It therefore strengthened its health and safety policy by placing emphasis on leading by example, rigor and commitment for its managers and employees. The effectiveness of this policy is reflected in the constant improvement of safety at all of its sites. In 2020, the Group consolidated its health and safety results, with a frequency rate of 5.5 (5.2 in 2019) and a severity rate of 0.28 (0.40 in 2019).

Prevention actions are monitored as part of multi-year plans which focus on:

- a) the training of teams, the organization of awareness-raising campaigns and the production of communication materials associated with the "Zero accident" objective and the means to achieve it.

Meetings also make it possible to share best practices and to report dangerous situations on all topics related to health and safety in the workplace. While in 2020, due to the health crisis, the organization of these safety days was disrupted, they will resume as soon as

possible in 2021. To go further and bring safety to life on a daily basis, a “Safety” discussion is held at the start of each meeting. The “Safety minutes” are held every week by managers. In 2020, the increase in the number of “Safety minutes” on tertiary sites illustrates the mobilization of teams in the face of the pandemic and the understanding that, whatever the position, health and safety in the workplace is a priority.

The major topics covered include risk analysis, equipment logs, travel (in particular to reduce road accidents), manual and mechanical handling, the safe use of phones and smartphones, and working at heights, tidiness and cleanliness of facilities and prevention and treatment of psychoactive substance abuse (alcohol and drugs).

In terms of training, the Group has set an objective that 100% of its teams should receive at least one health and safety training session each year. This target was achieved in 2020 and will be renewed in 2021;

- b) the availability of risk-appropriate collective and personal protective equipment for teams (employees and subcontractors) at all of the Group’s sites;
- c) the compliance of facilities with regulatory and technical changes, taking into account the opinion of the experts consulted (in collaboration with safety engineers representing the Group’s insurers, in particular) and Group safety standards;
- d) the improvement of risk prevention, interventions with external businesses for all the businesses and sites;
- e) the implementation of a digital health and safety in the workplace application in the various countries.

The French cement production sites are certified in accordance with the MASE (*Manuel d’Amélioration Sécurité-Santé Environnement des entreprises*) benchmark which makes external contractors subject to the same rules as the Group (training, induction (notably safety induction training), equipment, techniques and organization).

Led by General Management and the managers of the Group, a team of health and safety in the workplace coordinators in all countries and for all businesses is responsible for implementing and managing these multi-year plans. They are mainly developed locally and across the different businesses by its employees. One of the best examples is the adoption of the “Essentials”, six rules defined by the Safety Department and broken down by country and activity, which form the fundamental benchmarks used on a daily basis at each site.

In 2020, the teams have undertaken significant work to revitalize these “Essentials” and will continue in 2021.

Internal safety cross-audits carried out by the members of the management committees in France continued. Safety audits, which were reduced in 2020 due to the health crisis, will resume at a

sustained pace as soon as possible in 2021. These audits demonstrate Management’s commitment and its reiterated desire to achieve the “zero accident” objective. Cross-cutting audits present an opportunity for reasoned discussions on site between teams to prevent and eliminate risk. All topics are reviewed: equipment, organization, regulations and behavior.

The approach on health and safety in the workplace fosters synergies between teams, businesses, and countries. Exchanges and meetings with the Group’s safety specialists contribute to and encourage the sharing of experiences and best practices. Accident reports, audit reports, awareness materials, communication tools and all documents pertaining to prevention, health and safety are contained within a networked database, which may be accessed by safety specialists and managers.

Throughout the year, the Safety Department organizes quarterly awareness campaigns which are implemented in all countries. Support materials (posters and notices) are translated into all languages allowing managers to raise team awareness of these vital issues. In 2020, the following topics were highlighted: the prevention of risks related to nip points, and the proper “safe” use of phones and smartphones.

In 2020, the Group relaunched significant work on fire risk prevention. This work, which will continue in 2021, is rolling out an action plan consisting of audits of existing facilities, in particular of alternative fuel facilities. These audits mainly focus on the technical part (fire detection and extinguishing resources) and on the organization and training of teams. The objective is to share experiences and best practices, and to take all corrective and improvement actions in order to prevent any fire risk and limit any consequences.

The Group expanded and enhanced its training program for employees likely to travel abroad for business purposes and for expatriate staff (e-learning modules made mandatory before all business travel) as well as its support and assistance measures, in cooperation with SSF and AXA International, firms whose expertise in the areas of health, safety, and security for people traveling or working abroad is well-known. In 2020, due to the Coronavirus pandemic, these training courses were supplemented by incorporating a set of specific procedures and operating methods. However, in March 2020, travel between the Group’s countries was stopped in order to preserve the health of the teams.

#### **AGREEMENTS SIGNED WITH UNIONS CONCERNING WORKPLACE HEALTH AND SAFETY**

The Group works with all staff, and in particular with employee representatives, to improve accident prevention and safety at its sites and safeguard the health of employees. The agreements signed reflect this objective shared by Management and labor partners in this area.

The support and active participation of labor partners, and their support for the health and safety approach, has helped to develop the safety culture and improve performances.

#### RESULTS RECORDED IN TERMS OF SAFETY IN THE WORKPLACE BY THE ENTIRE GROUP

The Group's main safety indicators recorded in 2020, in particular the number of lost time accidents and the frequency rate, are close to the level recorded in 2019.

Once again this year, they reflect the commitment and efforts of managers and teams in terms of health and safety. After a period of decline, the frequency rate stabilized, reaching 5.5 in 2020 (compared to 5.2 in 2019). The severity rate for 2020 has improved significantly and stands at 0.28 (compared to 0.40 in 2019).

This rate reflects a significant decrease in the number of working days lost, mainly due to the lesser severity of the events recorded in 2020. Accidents requiring more lengthy periods of time off are very rare in the Group.

The improvement in frequency rate in 2020 was mainly due to the ever-increasing number of Group sites reporting no lost-time accidents. For example, eight of the Group's cement plants recorded no lost-time accidents in 2020; some had not reported any for two, three or four years (e.g. Bharathi in India and Peille in France). In the Aggregates business in France, some regions have not recorded any lost-time accidents for over 4 years. Businesses in Mali and Italy have also not recorded any lost-time accidents for over 4 years.

Accidents without lost time for the Group recorded a decrease of -7.2% (122 in 2020, 132 in 2019).

In 2020, several countries made a significant improvement in their safety performance: Senegal, which halved its frequency rate, and India and Brazil, which recorded a frequency rate of zero.

| For Group employees*                                | Group |       |        |
|---|-------|-------|--------|
|   | 2020  | 2019  | Change |
| Number of lost-time accidents among Group employees | 110   | 103   | +7%    |
| Number of fatal accidents among Group employees     | 0     | 0     | - %    |
| Number of lost days for Group employees             | 5,609 | 7,864 | -29%   |
| Frequency rate                                      | 5.5   | 5.2   | +5%    |
| Severity rate                                       | 0.28  | 0.40  | -30%   |

| For Group employees*                          | Group Cement |      |        |
|---|--------------|------|--------|
|   | 2020         | 2019 | Change |
| Number of lost-time accidents among employees | 29           | 32   | -9%    |
| Number of fatal accidents among employees     | 0            | 0    | - %    |
| Frequency rate                                | 3.3          | 3.6  | -9%    |
| Severity rate                                 | 0.16         | 0.21 | -24%   |

| For Group employees*                          | Concrete & Aggregates, Other Group Products and Services |      |        |
|---|--|------|--------|
|   | 2020   | 2019 | Change |
| Number of lost-time accidents among employees | 81   | 71   | +14%   |
| Number of fatal accidents among employees     | 0  | 0    | - %    |
| Frequency rate                                | 7.3  | 6.6  | +11%   |
| Severity rate                                 | 0.38   | 0.56 | -32%   |

\* These analyses were carried out on a sample of around 96% of the workforce, as data on recent changes in scope are not yet available for these indicators.

## 2.6. Statement of extra-financial performance in figures

### Environmental responsibility

| Topic   | Indicator  | Scope                 | 2020   | 2019   | 2018   |
|---|--|-----------------------|--------|--------|--------|
| <b>Material issues</b>                                  |  |                       |        |        |        |
|   | Provisions and guarantees in respect of environmental risks <i>(in € million)</i>              | Group                 | 59.3   | 51.4   | 49.6   |
|   | Environment-related investments <i>(in € million)</i>  | Group                 | 51.1   | 23.4   | 17.4   |
| <b>Management of resources and the circular economy</b> |  |                       |        |        |        |
| Raw materials   | Quantity of unprocessed natural material extracted <i>(in millions of metric tons)</i>         | Group                 | 53.0   | 49.0   | 48.6   |
|   | Share of consumption from extracted substitute materials                                       | Group                 | 93.0%  | 93.7%  | 93.6%  |
|   | Share of consumption from purchased unprocessed materials                                      | Group                 | 7%     | 6.3 %  | 6.4 %  |
|   | Consumption of raw materials for the production of clinker <i>(in millions of metric tons)</i> | Group                 | 29.6   | 26.9   | 29.2   |
| Circular economy  | Share of alternative fuels in the energy mix   | Cement                | 25.8%  | 26.5%  | 25.6%  |
|   | Share of biomass in the energy mix   | Cement                | 10.6%  | 10.5%  | 9.0%   |
| Water   | Percentage recycled  | Cement                | 67.0%  | 65.0%  | 67.0%  |
|   | Percentage recycled  | Concrete & Aggregates | 61.3%  | 69.3%  | 73.6%  |
|   | Percentage recycled  | OPS                   | 15.7%  | 19%    | 15%    |
|   | Net intake <i>(in thousands of m<sup>3</sup>)</i>  | Cement                | 8,516  | 8,353  | 8,535  |
|   | Net intake <i>(in thousands of m<sup>3</sup>)</i>  | Concrete & Aggregates | 6,644  | 5,847  | 4,299  |
|   | Net intake <i>(in thousands of m<sup>3</sup>)</i>  | OPS                   | 1,499  | 1,213  | 1,577  |
|   | Effective consumption <i>(in thousands of m<sup>3</sup>)</i>                                   | Cement                | 3,665  | 3,662  | 3,778  |
|   | Effective consumption <i>(in thousands of m<sup>3</sup>)</i>                                   | Concrete & Aggregates | 4,252  | 4,021  | 4,477  |
|   | Effective consumption <i>(in thousands of m<sup>3</sup>)</i>                                   | OPS                   | 163    | 40     | 53     |
| <b>Atmospheric emissions</b>                            |  |                       |        |        |        |
| Dust  | Dust emissions <i>(in metric tons/year)</i>  | Cement                | 1,046  | 895    | 994    |
|   | Specific dust emissions <i>(in g/t of Clinker)</i>   | Cement                | 56     | 54     | 56     |
| SO <sub>2</sub>   | SO <sub>2</sub> emissions <i>(in metric tons/year)</i>   | Cement                | 4,307  | 4,828  | 3,698  |
|   | Specific SO <sub>2</sub> emissions <i>(in g/t of clinker)</i>                                  | Cement                | 230    | 333    | 207    |
| NO <sub>x</sub>   | NO <sub>x</sub> emissions <i>(in metric tons/year)</i>   | Cement                | 19,315 | 18,958 | 19,599 |
|   | Specific NO <sub>x</sub> emissions <i>(in g/t of clinker)</i>                                  | Cement                | 1,029  | 1,248  | 1,099  |
| CO <sub>2</sub>   | Direct and indirect CO <sub>2</sub> emissions <i>(in kt)</i> Scopes 1 and 2                    | Group                 | 16,557 | 14,583 | 15,928 |
|   | Gross CO <sub>2</sub> emissions from kilns <i>(in kt)</i>                                      | Cement                | 15,532 | 13,581 | 14,647 |
|   | Gross specific CO <sub>2</sub> emissions <i>(in kg/t of clinker)</i>                           | Cement                | 828    | 817    | 821    |
|   | Net specific CO <sub>2</sub> emissions <i>(in kg/t of cement eq)</i>                           | Cement                | 620    | 621    | 627    |
|   | Cement - Scope 1 + Scope 2 CO <sub>2</sub> (direct + indirect)                                 | Cement                | 16,449 | 14,474 | 15,829 |
|   | Concrete & Aggregates - Scope 1 + Scope 2 CO <sub>2</sub> (direct + indirect)                  | Concrete & Aggregates | 98     | 101    | 93     |
|   | OPS - Scope 1 + Scope 2 CO <sub>2</sub> (direct + indirect)                                    | OPS                   | 10     | 7      | 7      |
|   |  |                       |        |        |        |

| Topic                     | Indicator  | Scope                 | 2020  | 2019  | 2018  |
|---------------------------|--|-----------------------|-------|-------|-------|
| <b>Energy consumption</b> | Total electricity consumption (in GWh)               | Cement                | 2,436 | 2,182 | 2,230 |
|                           | Total electricity consumption (in GWh)               | Concrete & Aggregates | 97    | 93    | 73    |
|                           | Total electricity consumption (in GWh)               | OPS                   | 44    | 41    | 41    |
|                           | Total electricity consumption (in GWh)               | Group                 | 2,577 | 2,316 | 2,344 |
|                           | Heat balance of kilns (in GJ/metric ton clinker)     | Cement                | 3,552 | 3,507 | 3,458 |
|                           | Share of alternatives in the energy mix              | Cement                | 25.8% | 26.5% | 25.6% |
|                           | Share of coal and lignite in the energy mix          | Cement                | 38.8% | 36.8% | 43.6% |
|                           | Share of coke in the energy mix                      | Cement                | 31.4% | 31.9% | 26.3% |
|                           | Share of hydrocarbons (gas) in the energy mix cement | Cement                | 3.9%  | 4.7%  | 4.4%  |

**Social responsibility**

| Topic   | Indicator  | Scope                        | 2020    | 2019    | 2018    |
|---|--|------------------------------|---------|---------|---------|
| <b>Employment</b>   | Workforce at December 31   | Group                        | 9,829   | 9,947   | 8,844   |
|   |  | Group                        | 9,902   | 9,858   | 8,684   |
|   |  | France                       | 2,987   | 2,944   | 2,845   |
|   |  | Europe (excluding France)    | 1,097   | 1,118   | 1,091   |
|   | Average workforce by geographical area   | Americas                     | 2,132   | 2,086   | 1,155   |
|   |  | Asia                         | 1,228   | 1,236   | 2,282   |
|   |  | Africa and the Mediterranean | 2,458   | 2,474   | 1,311   |
|   | Average number of employees by business  | Cement                       | 4,482   | 4,528   | 4,103   |
|   |  | Concrete & Aggregates        | 3,823   | 3,708   | 3,406   |
| Other Products and Services                                 |  | 1,600                        | 1,622   | 1,175   |         |
| <b>Change in the salaried workforce by type of movement</b> | Natural attrition  | Group                        | 1,039   | 792     | 824     |
|   | Redundancies   | Group                        | 323     | 273     | 456     |
|   | Changes in consolidation scope   | Group                        | 20      | 947     | 44      |
|   | Recruitment  | Group                        | 1,224   | 1,395   | 1,620   |
| <b>Change in personnel costs as at December 31</b>          | Salaries and wages (in thousands of euros)   | Group                        | 371,372 | 345,338 | 313,787 |
|   | Social security contributions (in thousands of euros)                              | Group                        | 113,791 | 125,048 | 110,756 |
|   | Employee profit sharing (in thousands of euros)                                    | French companies             | 4,758   | 5,010   | 4,420   |
|   | Personnel costs (in thousands of euros)  | Group                        | 489,921 | 475,396 | 428,963 |
| <b>Health and safety in the workplace</b>                   | Number of lost-time occupational accidents   | Group                        | 110     | 103     | 106     |
|   | Number of fatal accidents  | Group                        | 0       | 0       | 1       |
|   | Frequency rate   | Group                        | 5.5     | 5.2     | 6.2     |
|   | Severity rate  | Group                        | 0.28    | 0.4     | 0.34    |
| <b>Training</b>   | Total number of hours of training  | Group                        | 140,740 | 206,654 | 142,025 |
|   | Number of employees having attended at least one training course (during the year) | Group                        | 5,864   | 7,329   | 5,438   |
| <b>Diversity and equal treatment</b>                        | Female employees as a percentage of the workforce                                  | Group                        | 10.7%   | 10.60%  | 10.40%  |
|   | Disabled employees   | France                       | 2.10%   | 2.50%   | 2.60%   |

## 2.7. Notes on methodology

### 2.7.1. Methodology and scope of the statement of extra-financial performance

The data shown in the Statement of Extra-Financial Performance have been gathered and consolidated on the basis of a common reference framework for all Vicat Group, entitled "Reporting Protocol for Social, Environmental and Societal Information" in its version V8. Each year, the Vicat Group's CSR Coordination unit, in association with the General Management, submits the reference framework to the managers responsible for each indicator for evaluation. In 2020, apart from the changes required to comply with the provisions of article L. 225-102-1 of the French Commercial Code, substantial changes were made to the rules for collecting and consolidating environmental data due to the deployment of a new Group reporting and consolidation tool (SiRoCCO2 project).

The reporting process used to compile the Statement of Extra-Financial Performance covers the full scope of consolidation, *i.e.* Vicat SA together with its subsidiaries and the companies it controls, as defined in article L. 233-3 of the French Commercial Code.

The data collected cover the period from January 1 through December 31. In principle, extra-financial indicators are consolidated from the date of acquisition of a site or sites until their date of disposal. Some of the indicators may not be consolidated, provided that this absence is warranted by the data's unavailability or lack of relevance for the period in question with regard to the business activities pursued.

Environmental data are collected by business and by country and consolidated at Group level. Across all businesses, key performance indicators, focusing on materials and energy consumption, atmospheric emissions and the percentage of alternative fuel used per metric ton produced, are contained in a specific file according to their definition. For the preparation of its reporting protocol, the Vicat Group relies on the sector guides drawn up by the Global Cement and Concrete

Association, an association of which it is a member. In 2020, the Vicat Group took advantage of the launch of the consolidation tool (automated processing of data once entered) to make a few changes related to those resulting from the transition from the V2 to the V3 of the "CO<sub>2</sub> and Energy Accounting and Reporting Standard for the Cement Industry (v3.0, 2011)" published by the Cement Sustainable Initiative, whose work is taken up by the GCCA. The rest of the definitions and calculation methods of the indicators remain identical to those of previous years.

Data on health and safety in the workplace are collected by the operating entities and consolidated by the Group's Safety Department, which reports to the Human Resources Department. Data processing is based on an Excel spreadsheet. Among the key performance indicators monitored by the Group are, in particular, the frequency rate and the severity rate. The first measures the frequency of work-related lost-time accidents in relation to the working hours of the entire workforce. It is calculated as follows: (number of occupational lost-time accidents x 1,000,000)/number of hours worked. The severity rate allows the Group to evaluate the seriousness of work accidents based on the numbers of days lost as compared with hours worked. It is calculated as follows: (number of days lost x 1,000)/number of hours worked.

The number of hours worked is calculated as follows: total contractual hours worked plus overtime, minus justified absences by employees, aggregate hours to December 31 of the financial year in question.

The employment data are collected by legal entity then consolidated by the Human Resources Department on the basis of a form drafted with reference to internal guidelines that meet the specific requirements of companies' CSR transparency obligations.

Grant Thornton, an independent third-party firm accredited by COFRAC and which has been appointed to verify data provided by the Group, carries out a review of the Vicat Group's guidelines and reporting procedures as part of its mission. In 2020, all verification work was carried out remotely in accordance with the health regulations in force.

### 2.7.2. Methodology for identifying and processing significant extra-financial risks

Extra-financial risk management is incorporated into overall risk management. All material business and product-related extra-financial risks to which the Vicat Group could be exposed throughout its value chain are already taken into consideration in the financial risk map compiled by the Finance Department and the Compliance Department. These risks are presented in chapter 2 of the Universal Registration Document entitled "Risk factors". Risks which are significant to the Company and important for the success of the Vicat Group's activities are discussed in this Statement of Extra-Financial Performance. The Legal Department, the Finance Department and the CSR Coordination unit, take part in reviewing this risk map. The relevance of the extra-financial risks identified was shared with the operational units in the

countries in which the Vicat Group operates. Please note that the Group's prioritization of extra-financial risks may be different from one country to another. The relevance of its risks was assessed by the Group's General Management which approved the risk map.

The policy of preventing and managing these risks is an integral part of the Group's long-term industrial policy. The application of this policy by its operational units and at all levels of its organization means that the Group can support the energy transition process and the development of a low-carbon economy necessary to combat the effects of climate change – to help preserve natural resources which are becoming more scarce as part of a circular economy approach – to guarantee the personal integrity and social and societal commitment of all its entities to inclusivity – to help protect threatened ecosystems and biodiversity and – to strengthen its links with local communities as a result of ethical and responsible production, improving the socio-economic vigor of the regions where it operates.

## 2.8. Report of the independent third-party body on the consolidated statement of extra-financial performance in the management report

**Year ended December 31, 2020**

To the Shareholders,

In our capacity as independent verifier of Vicat (hereinafter the “entity”), accredited by COFRAC under number No. 3-1080<sup>(1)</sup>, we hereby report to you on the statement of extra-financial performance for the year ended December 31, 2020 (hereinafter the “Statement”), included in the management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

### The entity’s responsibility

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, which must include a presentation of the business model, a description of the principal extra-financial risks, a presentation of the policies implemented in light of those risks and the outcome of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity’s procedures (hereinafter the “Guidelines”), the main elements of which are presented in the Statement.

### Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

### Responsibility of the independent verifier

It is our responsibility, on the basis of our work, to formulate a reasoned opinion expressing a conclusion of moderate assurance on:

- compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with Article R. 225-105 I, 3 and II of the French Commercial Code, i.e., the outcome of the policies, including key performance indicators, and the measures implemented in light of the principal risks (hereinafter the “Information”).

However, it is not our responsibility to comment on:

- the entity’s compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- the consistency of products and services with the applicable regulations.

### Nature and scope of our work

Our work described below was carried out in accordance with the provisions of Articles A. 225 1 et seq. of the French Commercial Code determining the methods in which the independent third party conducts its mission and in accordance with the international standard ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.

(1) Whose scope is available at [www.cofrac.fr](http://www.cofrac.fr)

Our procedures allowed us to assess the consistency of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the labor and environmental risks associated with their activities;
- we assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of labor and environmental information set out in Article L. 225-102-1 III;
- we verified that the Statement includes an explanation for the absence of the information required by the second paragraph under Article L. 225-102-1 III;
- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under Article R. 225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement includes a clear and reasoned explanation for the absence of policies concerning one or more of the risks;
- we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with Article L. 233 16 within the limitations set out in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative results that we considered to be the most important, we implemented<sup>(1)</sup>:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities<sup>(2)</sup> and covers between 42% and 54% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important<sup>(3)</sup>
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

(1) **Social information:** one-off workforce and breakdown by gender, age and geographical area; hires and departures; absenteeism rate; number of training hours; number of employees who received at least one training course; gender equality index for its companies in France; proportion of women in % of the workforce; number of lost-time accidents among Group employees; number of fatal accidents among Group employees; number of days lost for Group employees; frequency rate.

**Environmental information:** change in the rate of alternative fuel (Cement business); change in material substitution in the manufacture of clinker, cement and aggregates (Group scope); renewable energy mix table; direct and indirect CO<sub>2</sub> emissions (scope 1 & 2); CO<sub>2</sub> emissions Scope 1 excluding on-site electricity production and finished product transport (Group cement scope); evolution of dust emissions, SO<sub>x</sub>, NO<sub>x</sub>; water consumption by material.

(2) France and Brazil.

(3) **Qualitative information** relating to the following sections: "Carbon capture and recovery"; "Protection of species"; "Quarry rehabilitation"; "Socio-cultural philanthropy actions to support regional development"; "Supporting skills acquisition and development to guarantee employability"; "Promoting inclusivity".

### Means and resources

Our work was carried out by a team of 4 people between October 2020 and February 2021 and took a total of 5 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted interviews with the people responsible for preparing the Statement.

### Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the statement of extra-financial performance is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly and in accordance with the Guidelines.

Neuilly-sur-Seine, February 13, 2021

Independent third-party body

Grant Thornton

French member of Grant Thornton International

Olivier Bochet

Partner

Tristan Mourre

Director

## Cross-reference table of items in the Statement of Extra Financial Performance report

Between article L. 225-102 para. 1 and 2 and R. 225-105 of the French Commercial Code and the information contained in this Document.

The business model can be found at the start of chapter 2 of this Document.

The methodology for identifying significant extra-financial risks can be found in point 2.7. of chapter 2 in this Document. Risk management is explained in chapter 2 of the Universal Registration Document.

### Social information

| No | Information required by articles L. 225-102-1 and R. 225-105                                  | Corresponding sections of this Document | Page(s)   |
|----|---|---|-----------|
| 1  | Total workforce and breakdown by gender, age and geographical area                            | 2.5.1. and 2.5.3.                       | 50 and 52 |
| 2  | Recruitment and lay-offs  | 2.5.1.                                  | 50        |
| 3  | Remuneration and pattern of change  | 2.5.1.                                  | 50        |
| 4  | Organization of working hours   | 2.5.1.                                  | 50        |
| 5  | Absenteeism   | 2.5.4.1.                                | 57        |
| 6  | Procedures for informing and consulting employees and negotiating with them                   | 2.5.4.1.                                | 57        |
| 7  | Review of collective agreements   | 2.5.4.1.                                | 57        |
| 8  | Health and safety conditions at work  | 2.5.4.1.                                | 57        |
| 9  | Agreements signed with unions or staff representatives concerning workplace health and safety | 2.5.4.2.                                | 58        |
| 10 | Frequency and severity of workplace accidents and occupational illnesses                      | 2.5.4.2.                                | 58        |
| 11 | Training policy   | 2.5.4.1.                                | 57        |
| 12 | Total number of hours of training   | 2.5.2.2.                                | 52        |
| 13 | Measures to promote gender equality   | 2.5.3.2.                                | 55        |
| 14 | Measures to promote the employment and integration of the disabled                            | 2.5.3.1.                                | 52        |
| 15 | Policy on the elimination of discrimination   | 2.5.3.                                  | 52        |
| 16 | Freedom of association and the right to collective bargaining                                 | 2.5.4.1.                                | 57        |
| 17 | Elimination of discrimination in respect of employment and occupation                         | 2.5.3.                                  | 52        |
| 18 | Elimination of all forms of forced or compulsory labor  | 2.5.4.1.                                | 57        |
| 19 | Effective abolition of child labor  | 2.5.4.1.                                | 57        |

### Environmental information

| No | Information required by article R. 225-105 of the French Commercial Code  | Corresponding sections of this Document | Page(s) |
|----|---|---|---------|
| 20 | Organization within the Group that takes into account and assesses environmental issues or that handles environmental certification         | 1.6.6.; 1.7.                            | 28; 30  |
| 21 | Training and information provided to employees with regard to the environment   | 2.5.2.1.                                | 52      |
| 22 | Resources devoted to the prevention of environmental risks and pollution  | 1.6.4.; 2.1.                            | 28; 38  |
| 23 | The amount allocated to provisions and guarantees in respect of environmental risks   | 2.6.                                    | 61      |
| 24 | Prevention, reduction or remedial measures: Air/Soil/Water  | 2.2.                                    | 44      |
| 25 | Measures to prevent, recycle and eliminate waste products   | 2.2.3.4.                                | 45      |
| 26 | Consideration of noise pollution and all other forms of pollution specific to an activity   | 2.2.                                    | 44      |
| 27 | Water consumption and supply in accordance with local constraints   | 2.2.2.3.                                | 45      |
| 28 | Consumption of raw materials and measures taken to improve the efficiency of their use  | 2.1.1.                                  | 39      |
| 29 | Energy consumption and measures taken to improve energy efficiency and use of renewable energy sources                                      | 2.1.5.; 2.2.2.1.                        | 42; 44  |
| 30 | Land use  | 2.3.2.; 2.3.3.                          | 46      |
| 31 | Significant items of greenhouse gas emissions generated by the Company's activity   | 1.6.                                    | 26      |
| 32 | Measures taken to adapt to the consequences of climate change   | 1.6.                                    | 26      |
| 33 | Voluntary reduction targets set over the medium and long terms to reduce greenhouse gas emissions and the means implemented to achieve them | 1.6.                                    | 26      |
| 34 | Measures taken to preserve or increase biodiversity   | 2.3.                                    | 45      |

### Societal information

| No | Information required by article R. 225-105 of the French Commercial Code  | Corresponding sections of this Document | Page(s) |
|----|---|---|---------|
| 35 | Impact of the Company's activity in terms of employment and local development                                       | 2.5.                                    | 50      |
| 36 | Impact of the Company's activity on neighboring or local populations  | 2.4.1.4.                                | 48      |
| 37 | Relations and terms of dialog with Company stakeholders   | 2.4.1.                                  | 47      |
| 38 | Partnership or charity actions  | 2.4.3.                                  | 48      |
| 39 | Consideration of social and environmental issues in the procurement policy  | 2.4.1.2.                                | 47      |
| 40 | Consideration of their social and environmental responsibility in relations with suppliers and their subcontractors | 2.4.1.2.                                | 47      |
| 41 | Actions taken to prevent corruption   | 2.4.1.3.                                | 47      |
| 42 | Measures taken in favor of consumer health and safety   | 2.4.2.                                  | 48      |
| 43 | Other actions taken in favor of human rights  | 2.5.4.1.                                | 57      |

# GLOSSARY

|                           |   |
|---------------------------|---|
| <b>Additives</b>          | All products incorporated into concrete that are not cements, aggregates, additives, mixing water or additions (e.g. fibers, color pigments, etc.).   |
| <b>Adjuvant</b>           | Chemical incorporated in small doses (less than 5% of the cement mass) in the concrete or mortar to modify some of its properties. The incorporation takes place either before, or during mixing, or during the mixing operation.   |
| <b>Aggregate</b>          | Fragment generally of rock, used as aggregate of concrete or mortar. The term aggregate is better suited. See: "Aggregate".   |
| <b>Aggregates</b>         | Concrete component. Group of mineral grains, depending on their size, which is between 0 and 125 mm (the size is the length of the side of the square mesh of the sieve through which the grain can pass): fillers, grit, sand, or gravel. A distinction is made between natural aggregates from loose or massive rock when they do not undergo any other than mechanical treatment, and artificial aggregates when they come from the thermal or mechanical transformation of rocks or minerals. Natural aggregates can be rolled, in a rounded shape of alluvial origin, or crushed, in an angular shape, from quarry rock. The nature of the bonds between the aggregates and the cement paste strongly influences the strength of the concrete. |
| <b>Alternative fuels</b>  | Combustible by-product or waste used in the production of heat as a substitute for a "noble" fuel (fuel oil, coal, petroleum coke). Also called "secondary fuel".   |
| <b>Bagging machine</b>    | Automated bagging system. In cement plants, its capacity can reach 5,000 bags/hour. The rotating assembly is driven by nozzles (8 to 16) and is supplied with empty bags by arms or by projection from one or two peripheral stations. The central silo feeds the slats mounted on weighing scales. Automatic extraction takes place during the rotation; the bags are taken up by belts that feed the palletizing system.  |
| <b>BHP</b>                | Abbreviation for "high performance concrete". This concrete, made by its particularly compact formulation and therefore of low porosity, has a mechanical resistance greater than 50 MPa and a much higher durability than that of common concretes.  |
| <b>Binder</b>             | Material with the property of passing – under certain conditions (in the presence of mixing water for hydraulic binders) – from the plastic state to the solid state; it is therefore used to bind inert materials. Concrete component which, following the setting process, ensures the cohesion of aggregates.  |
| <b>Blast furnace slag</b> | By-product of the manufacture of cast iron from the blast furnaces of the metallurgical industries. It has hydraulic characteristics similar to those of clinker, and is therefore used in the composition of certain cements.  |
| <b>Calcination</b>        | Transformation of limestone into lime by firing at high temperature.  |
| <b>CEM</b>                | This designation characterizes a cement that complies with the European standard EN 197-1. CEM cements are made of different materials and are statistically homogeneous in composition.  |
| <b>CEM I</b>              | This designation according to standard NF EN 197-1 characterizes the type of cement, "Portland cement", that is to say a cement composed of at least 95% clinker. Certain CEM I cements have been recognized as being resistant to sulphates, under the CE mark, since the entry into application of standard NF EN 197-1: 2012, on July 1, 2013, three categories were distinguished:<br>CEM I SR0: cement with clinker's C3A = 0%;<br>CEM I SR3: cement with clinker's C3A ≤ 3%;<br>CEM I SR5: cement with clinker's C3A ≤ 5%.  |
| <b>CEM II</b>             | This designation according to standard NF EN 197-1 characterizes cements of which the most common are "Portland composite cement" (the letter "M" completes the description of the cement), and "Portland limestone cement" (the letter "L" completes the description of the cement), "Portland slag cement" (the letter "S" completes the description of the cement) or "Portland silica fumes cement" (the letter "D" completes the designation of the cement). A CEM II cement has a clinker content:<br>i.e. from 80 to 94%; this cement is then designated CEM II/A;<br>or from 65 to 79%; this cement is then designated CEM II/.   |
| <b>CEM III</b>            | This designation according to standard NF EN 197-1 characterizes the type of cement, "blast furnace cement", consisting of clinker and blast furnace slag, in the following alternative proportions:<br>35 to 64% clinker and 36 to 65% slag; this cement is then designated CEM III/A;<br>20 to 34% clinker and 66 to 80% slag; this cement is then designated CEM III/B;<br>5 to 19% clinker and 81 to 95% slag; this cement is then designated CEM III/C.<br>CEM III/B and CEM III/C cements have been recognized as being resistant to sulphates, under the CE mark, since the entry into application of standard NF EN 197-1: 2012, on July 1, 2013; they are rated CEM III/B-SR or CEM III/C-SR.  |

|   |   |
|---|---|
| <b>CEM IV</b>                                   | Refers to “pozzolan cement”.  |
| <b>CEM V</b>                                    | Refers to “composite cement”.   |
| <b>Cement</b>                                   | Hydraulic binder, i.e. a fine powder which, mixed with water, forms a paste that sets and hardens as a result of reactions with water. After hardening, this paste retains its strength and stability even under water.   |
| <b>Clay</b>                                     | Compact and impermeable sediment becoming plastic, malleable and more or less thixotropic in the presence of water. Depending on its grade, it has variable physicochemical characteristics. With a composition based on silico-aluminates, clay is present in raw materials for the manufacture of cements and hydraulic lime. It is present in greater or lesser quantity in the marls. See: “Marne”.   |
| <b>Clinker for natural quick-setting cement</b> | Clinker for natural quick-setting cement is produced exclusively by firing at a moderate temperature (1,000 °C to 1,200 °C) a clay-like limestone of regular composition, extracted from homogeneous beds.  |
| <b>Clinkerization</b>                           | Transformation of raw materials (limestone, silica, alumina and iron oxide) into clinker, taking place at a temperature of 1,450 °C, for Portland clinker.  |
| <b>Concrete</b>                                 | Construction material formed by a mixture of cement, aggregates and water, possibly supplemented by adjuvants, additives and additions. This mixture, which is applied on the building site or in the factory in a plastic state, can adopt very different shapes because it is moldable; it hardens gradually to finally form a monolith. Depending on its formulation, application and surface treatments, its performance and appearance can vary considerably.  |
| <b>Concrete batching plants</b>                 | Stationary equipment for the industrial production of ready-mixed concrete (BPE).   |
| <b>Concrete strength</b>                        | All behavioral characteristics under compression, traction and bending stresses. In France, it is conventionally verified for concrete structures 28 days after their installation. In the United States, this period is 56 days.   |
| <b>Cooler</b>                                   | Unit located at the outlet of a cement kiln intended to cool the clinker from 1,400 °C to room temperature. Grid and perforated plate coolers are the most common; the old coolers are made up of a series of rows of movable plates that push the clinker towards the outlet end (arranged in a bed of material 60 to 90 cm thick). Air blowing from the bottom upwards through the plates ensures cooling: at the outlet of the clinker bed, some of the hottest air (secondary air) rises into the kiln to supply combustion, the excess air comes out at the back of the unit. In modern coolers, all plates are fixed. They are protected from the hot clinker by a bed of cold clinker. The displacement of the clinker towards the outlet is ensured by various devices such as “rakes” or “moving floor”. |
| <b>Crushed aggregate</b>                        | Aggregate from rock crushing.   |
| <b>Crusher</b>                                  | Crushing equipment, mainly used in quarries. Crushers can be jaw crushers (reciprocating motion, nutcracker principle), hammer crushers, for softer or gyratory materials, by grinding between inverted vertical cones (as for gravel).   |
| <b>Crushing</b>                                 | Breaking up rocks into small pieces by crushing or hammering.   |
| <b>Decarbonation</b>                            | Reaction of release of CO <sub>2</sub> contained in limestone raw materials under the action of heat (850 to 950°C). The remaining lime (CaO) then combines with silicates and aluminates to form clinker. This reaction absorbs a lot of heat and is the main source of heat consumption for the furnace.  |
| <b>Drum</b>                                     | See “Concrete mixer truck”.   |
| <b>Energy recovery</b>                          | Introduction into the production process of by-products, waste or fuels in principle unnecessary in order to use the heat content for heat production. These products are a complete or partial replacement for primary fuels such as coal, fuel oil or gas. Their use saves primary energy resources, avoids their environmentally damaging destruction and their discharge into the natural environment. For example, in cement plants, tires or residual solvents are used as fuel for the kiln.   |
| <b>Fly ashes</b>                                | By-product of coal combustion in power plants used as a source of silica and alumina in the manufacture of clinker, or as a replacement for a portion thereof in the manufacture of compound Portland cement.   |
| <b>Formulation</b>                              | Operation consisting in defining the dosage – by weight rather than volume – of the various constituents of a concrete, in order to meet the desired strength and appearance requirements.  |
| <b>Fresh concrete</b>                           | Concrete in the phase after mixing and before setting, i.e. in a plastic state that allows it to be transported and poured. The workability of a concrete during this phase of its manufacture is assessed by subjecting a sample to an Abrams cone slump test.   |
| <b>Granulometry</b>                             | (a) Measurement of the granularity of an aggregate, i.e. the grading of the dimensions of the grains it contains, by passing it through a series of square-meshed sieves with standardized dimensions.<br>(b) Particle size analysis: this is the measurement of the proportion of the various granular sizes of a powder, sand or aggregate.   |
| <b>Gravel</b>                                   | Aggregate with a diameter of between 1 and 63 mm.   |
| <b>Greenfield</b>                               | A greenfield factory construction project is a project whereby the Group undertakes the construction of a cement plant on a site that had no previous Cement manufacturing business. The project generally consists, after ensuring the existence and accessibility of a natural reserve necessary for the manufacture of cement in sufficient quality and quantity, to design and implement the various components of the industrial and commercial process. In contrast, a project is said to be brownfield if a Cement manufacturing business already exists on the site.  |

## Glossary

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| <b>Grinding</b>                     | Reduction into powder or very fine particles. Grinding can be done by crushing (minerals), by compressing (dyes, cement) or by fragmenting (waste). In cement plants, grinding workshops are generally composed of a grinding device, a separator that returns oversized materials to the raw mill and a ventilation dust collection system.   |
| <b>Gypsum</b>                       | Natural Calcium Sulfate or by-product from the Phosphoric Acid or Citric Acid Manufacturing Industries. It is added to cement as a setting regulator.  |
| <b>Heat balance</b>                 | Expression of the measurement of heat exchange between a closed environment and the outside. More specifically, for cement kilns, the heat balance assesses the heat input and compares it with the needs related to physical-chemical transformations and heat losses.  |
| <b>Homogenization</b>               | Operation performed in a cement plant to obtain an intimate mixture of the components of the flour before baking. It can be carried out discontinuously in batches or continuously. Mechanical and/or pneumatic mixing means can be used.  |
| <b>Hopper</b>                       | Truncated cone-shaped high-bay storage device for bulk materials (sand, aggregates, cement), steel or concrete. In the lower part, a hopper ends with a gravity-fed extraction system.   |
| <b>Hydration (of cements)</b>       | Chemical phenomenon by which a cement fixes the mixing water and initiates the setting and then hardening processes. This reaction is accompanied by a more or less significant heat release depending on the type of cement.  |
| <b>Lime</b>                         | Binder obtained by the calcination of more or less siliceous limestone. A distinction is made between aerial limes, which harden under the action of carbon dioxide in the air, and hydraulic limes, which set by mixing with water.   |
| <b>Limestone</b>                    | Sedimentary rock containing mainly calcium carbonate (CaCO <sub>3</sub> ). Calcite is the most stable and common crystalline form. Dolomites constitute a distinct class: they are mixed carbonates (calcium and magnesium). Limestone is one of the basic raw materials for clinker; it provides the lime necessary for the formation of silicates and aluminates. The magnesia content of the limestones used must remain limited to a few percent in order to avoid the formation of uncombined magnesia during firing, which could cause concrete swelling in the medium or long term.   |
| <b>Material recovery</b>            | Introduction into the production process of by-products or waste in order to use their chemical characteristics. These products are a total or partial replacement for products extracted in quarries. Their use saves primary energy resources, avoids their environmentally damaging destruction and their discharge into the natural environment. For example, in cement plants, foundry sands are used in the raw materials used to provide silica as a substitute for natural sand, and synthetic gypsum (for desulfurizing fumes from thermal power plants, among others) replace all or part of the gypsum or natural anhydrite in cements, to regulate the setting time. |
| <b>Maneuverability</b>              | Condition defining the suitability of a mortar or concrete to be transported, handled and used; it is characterized by the consistency and plasticity of the material.   |
| <b>Marl</b>                         | Mixture of natural clay and limestone in various proportions. If the level of limestone is less than 10%, the marl is said to be argillaceous. For higher rates, marl is classified as marly limestone. It is generally characterized by its carbonate content (of lime and magnesia in a lesser proportion). It is one of the essential raw materials in the manufacture of cement; it provides the argillaceous fraction rich in alumina and iron silicates.   |
| <b>Meal feed</b>                    | Name given to the raw material of the cement kiln after grinding (the grain size corresponds to that of baker's flour).  |
| <b>Mixer truck</b>                  | Vehicle used to transport fresh concrete from the production site to the construction site. Also called mounted mixer or drum.   |
| <b>Mortar</b>                       | Mixture of cement, sand and water, possibly supplemented by additives and additions. It differs from concrete by its absence of gravel. Prepared on-site – from pre-dosed dry industrial mortar or by dosing and mixing all the components – or delivered on-site from a batching plant, the mortars are used for jointing, plastering, screeds and for various repair work, sealing, reworking and capping.   |
| <b>Natural quick-setting cement</b> | Cement with rapid setting and hardening, consisting solely of clinker for natural quick cement, ground, not requiring the addition of a setting regulator.   |
| <b>Plaster</b>                      | Surface coating (approximately 2 cm for traditional plasters) consisting of a cement and/or hydraulic lime mortar, intended to cover a wall, in order to homogenize the surface and make it waterproof. A distinction is made between traditional plasters (which require three coats), bilayers and finally monolayers (based on industrial mortars and applied in two passes).   |
| <b>Portland cement</b>              | CEM I, CEM II, CEM III, CEM IV, CEM V, made from Portland clinker and a setting regulator, or even other constituents. Cement compliant with standard NF EN 197-1.   |
| <b>Portland clinker</b>             | Basic constituent of a Portland cement, composed from four major mineral elements: limestone, silica, alumina and iron oxide. It is obtained by firing at high temperature in a cement kiln (1,450 °C).  |
| <b>Pozzolan</b>                     | Volcanic product composed of silica, alumina and iron oxide which, in the form of a fine powder, can combine with lime to form stable compounds with hydraulic properties (hardening under water). By extension, refers to natural or artificial materials with the same property. Pozzolans are constituents of certain types of cements.   |
| <b>Precalciner</b>                  | Combustion chamber located at the foot of the preheating tower, supplied with all types of fuel and hot combustion air (750 to 900 °C) from the cooling of the clinker. The precalciner can provide up to 55% of the heat required for the furnace to operate properly. See: "Preheater".  |

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| <b>Precalcination</b>             | System allowing combustion to be started before entering the furnace, thereby reducing the amount of energy required in the furnace.   |
| <b>Precast concrete products</b>  | Production of construction components away from their final location, in a factory or on a site close to the structure. Many structural components such as columns, beams, load-bearing or envelope panels, façade panels, cladding, as well as standardized elements such as blocks, beams, pre-slabs, hollow core slabs, tiles, and finally, parts for roads, sanitation or street furniture can be precast in concrete.   |
| <b>Preheater</b>                  | Tower made up of a succession of cyclone stages. On each stage, the cooler flour coming from the upper stage is reheated in contact with the hotter gases coming out of the lower stage. The gas-flour mixture is then decanted in the cyclone. The reheated flour then goes down to the lower stage to heat up a little more. The cooled gases rise to the upper stage to continue to heat the flour. At the foot of the preheater, the flour enters the rotary kiln. The preheaters may also include a precalciner.  |
| <b>Prehomogenization</b>          | Operation carried out in a cement plant to obtain a premix of crushed raw materials before grinding. It can be carried out in batch mode (creation of a pile for a few days while a second one is being reclaimed) or continuously in circular halls (simultaneous and staggered rotation of the discharge to the pile and the reclaimer).   |
| <b>Pumping</b>                    | Method of conveying concrete, pushed from a feed hopper to the pouring site, through tubes. It can cover horizontal distances of up to 400 m (or even 1.5 km) and vertical distances of up to 100 m (or even 300 m).   |
| <b>Quarry</b>                     | Construction site for materials regulated as Classified Installations for the Protection of the Environment. These operations are generally open-cast, with the exception of the Chartreuse underground quarries from which the stone to be fired is extracted for the manufacture of natural cement. Quarries produce the natural raw materials needed for cement production or for the manufacture of aggregates used in the composition of ready-mixed concrete or materials intended for earthworks. Quarrying is generally carried out using explosives in the case of massive rock deposits. The extraction of loose and alluvial materials, whether in water or out of water, is carried out by mechanical equipment. Quarry operations are carried out with the strictest respect for the environment in accordance with a prefectural decree which concludes an administrative examination based on numerous studies, including an impact study. Wherever possible, the redevelopment is coordinated with the local government bodies and authorities, and is carried out as the operational fronts progress. |
| <b>Raw materials</b>              | Name given to the dosed raw material before entering the cement kiln.  |
| <b>Raw mill</b>                   | Grinding machine. In cement plants, it can be either ball, roller, or drum.  |
| <b>Ready-mixed concrete (BPE)</b> | Concrete manufactured in a facility external to the construction site or on the construction site, mixed in a mixer, delivered by the producer to the user, fresh and ready for use.   |
| <b>Rolled aggregate</b>           | Alluvial aggregate made up of round grains.  |
| <b>Sand</b>                       | Aggregate with a diameter of less than 6.3 mm.   |
| <b>Screed</b>                     | Cement mortar structure, poured thinly (3 to 5 cm) on a concrete floor to ensure planarity.  |
| <b>Setting</b>                    | Beginning of the development of the strength of the concrete, mortar or cement paste. It is characterized by the setting test (NF P 15-431, NF EN 196-3).  |
| <b>Setting regulator</b>          | Component of cement intended to slow down hydration reactions. These are most often gypsum and calcium sulphates.  |
| <b>Setting time (measurement)</b> | The setting time of cements is determined by observing the penetration of a needle into a cement paste of standardized consistency ("normal" paste) and this to a specified depth (NF EN 196-3). The device, known as the "Vicat device", makes it possible to record the time between the start of contact between water and cement and the start of setting (Vicat needle is inserted up to 4 mm from the bottom) as well as the end of setting (almost no insertion).   |
| <b>Silica fumes</b>               | Silica fumes are a co-product of the silicon and silicon alloy industry. They are obtained by condensing SiO gas or by oxidation of Si metal at the surface of electrometallurgical furnaces whose fumes are captured and filtered. These microslicas are generally densified in order to facilitate storage and handling operations. The silica fume is in the form of spherical elementary balls of amorphous silica (SiO <sub>2</sub> ) whose diameter varies between 0.1 and 0.5 microns. Their silica content varies from 70 to 98% depending on the production unit and the alloy produced. In concrete, silica fumes occur in two ways:<br>by a granular effect linked to the shape and extreme fineness of the powder;<br>by pozzolanic reaction due to the high content of amorphous silica.  |
| <b>Silo</b>                       | Large capacity tank, generally cylindrical; intended for dry materials (sand, cement, etc.), steel or concrete, loaded from the top and unloaded from the bottom, it is equipped with various types of extraction devices. See: "Hopper".  |
| <b>Standard</b>                   | Document that specifies a set of technical or other specifications drawn up in collaboration with the parties concerned (representatives of manufacturers, users, consumers, public authorities, and specialized bodies such as the CSTB). Standards are only made mandatory by ministerial orders. They can be of various types: testing, performance, safety and terminology standards. An ISO standard is a standard developed and/or adopted by the International Organization for Standardization. An EN standard is a standard adopted by the European Committee for Standardization. An NF EN ISO + no. referenced standard reproduces in full the European standard, which itself reproduces the international standard of the same number.  |

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| <b>Sulfoaluminous clinker</b>                                  | Basic component of a sulfoaluminous cement, consisting of raw materials that essentially contain the following oxides: CaO, Al <sub>2</sub> O <sub>3</sub> , SiO <sub>2</sub> , Fe <sub>2</sub> O <sub>3</sub> , SO <sub>3</sub> , and other minor elements. This clinker is obtained by firing at a temperature of approximately 1,300 °C.  |
| <b>Thermie (th)</b>  | Unit of heat energy. 1 th = 1,000 kcal = 1,000,000 cal. This unit is replaced by the unit of energy, the Joule (J): 1 th = 4.1855 MJ (4,185,500 J). The specific consumption of cement kilns is assessed: either in thermie per metric ton of clinker (old units); or in gigajoules per metric ton of clinker (new units). Example: a kiln consumes 850 thermie per metric ton of clinker; the equivalent of 3,558 megajoules per metric ton produced.   |
| <b>Type of cement</b>  | Element of a standardized classification according to the nature of the constituents of a cement. There are five types. See "CEM I", "CEM II", "CEM III", "CEM IV", "CEM V". This designation is associated with its current strength class: 52.5; 42.5; 32.5, as well as its short-term strength class: R; N; L.  |
| <b>Ultra-high performance fiber-reinforced concrete (UHPC)</b> | The addition of metal fibers gives this concrete a ductile behavior in bending traction. It differs from high-performance concretes (BHP) by the ability to dispense with traditional reinforcements, by a compressive strength of over 130 MPa and a direct tensile strength of over 10 MPa.  |
| <b>X-ray diffractometry (analysis by)</b>                      | This technique is used to determine the mineralogical composition of cements, clinkers or raw materials. It allows a quick and very precise control of the different stages of the Cement manufacturing process. During the analysis, which takes only a few minutes, samples in the form of compacted powder (or diluted in a glass bead) are subjected to a beam of X-rays. A beam of X-rays emitted from a powerful tube hits the sample elements that cause the light beam to be scattered in specific directions. Analysis of the diffractogram makes it possible to determine the minerals comprising the sample and their concentrations. |
| <b>X-ray fluorescence (analysis by)</b>                        | This technique is used to determine the chemical composition of cements or raw materials. It allows a quick and very precise control of the different stages of the Cement manufacturing process. During the analysis, which takes only a few minutes, samples in the form of compacted powder (or diluted in a glass bead) are subjected to a beam of X-rays. A beam of X-rays emitted from a powerful tube is used to excite the sample elements. By X-ray fluorescence, the excited atoms re-emit at characteristic wavelengths; the measurement of their intensity makes it possible to obtain their concentration.                          |



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