2020 ANNUAL REPORT

cementirholding
GRUPPO CALTAGIRONE

Cementir Holding N.V.
Registered Office: 36, Zuidplein, 1077 XV, Amsterdam, The Netherlands
P: +31 (0) 20 799 7619
Secondary and operational office: 200, Corso di Francia, 00191 Rome, Italy
P: +39 06 324931
www.cementirholding.com

Share capital: € 159,120,000
VAT number: 02158501003
Tax number: 00725950638
CCI number 76026728 - Netherlands Chamber of Commerce

Contents

BLANK PAGE

GENERAL INFORMATION

GROUP PROFILE

Cementir Holding is a multinational group with registered office in the Netherlands operating in the building materials sector. The Group is the world leader in white cement with 3.3 million tons of installed capacity, the leading producer of cement in Denmark and of ready-mixed concrete in the Scandinavian area, the third player in Belgium and among the main international operators for grey cement in Turkey. In Belgium, the Group operates one of the largest aggregate quarries in Europe. In Turkey and the United Kingdom, Cementir is active in the treatment of urban and industrial waste, used to produce waste-derived fuel for cement plants.

The Group's international growth over the years was mainly driven by investments and acquisitions for over EUR 1.7 billion, which have transformed the company from a domestic to a multinational player with production sites in 18 countries, a production capacity of over 13 million tons of grey and white cement, and a commercial presence in over 70 countries. The company continues to pursue a strategy which aims to achieve both geographical and product diversification and a growing integration of its operations.

The Group has boosted the extensive use of digital technology in production processes with the Cementir 4.0 project, which aims to ensure a level of operational excellence along the entire value chain, including limestone extraction, the use of raw materials and alternative fuels in clinker production and the creation of semi-finished products and finished products with a lower environmental impact.

Cementir has defined a sustainability strategy to reduce CO_2 emissions levels by 30% by 2030, with an investment plan of approximately EUR 107 million in sustainability projects, including wind energy production and district heating in Denmark, investments aimed at reducing the consumption of thermal energy and electricity in its plants in Denmark and Belgium. Thanks to the introduction of new value-added products and technologies such as FUTURECEM™, patented worldwide, the Group has set itself the goal of significantly reducing clinker content and consequent CO_2 emissions in its products.

In December 2020, the Group obtained a "B" rating from Carbon Disclosure Project (CDP), in recognition of its strong commitment to environmental sustainability.

Cementir Holding has been listed on the Milan Stock Exchange since 1955 and today is one of the leading companies in the STAR segment. Since 1992 Cementir has been part of the Caltagirone Group, one of the leading private industrial groups in Italy with activities in the residential construction, infrastructure, publishing, real estate and finance sectors.

11	Cement plants
13.1 (million t)	Cement production capacity
100	Ready-mixed concrete plants
10.7 (million t)	Cement sold
4.4 (million m^3)	Ready-mixed concrete sold
9.5 (million t)	Aggregate sold
1,225 (million/€)	Revenue
264 (million/€)	Ebitda
2,995	Employees

GLOBAL PRESENCE

Grey cement production capacity: 9.8 million t
White cement production capacity: 3.3 million t
Grey cement sales: 7.9 million t
White cement sales: 2.8 million t
Ready-mixed concrete sales: 4.4 million m^3
Aggregate sales: 9.5 million t

Cement plants: 11
Terminals: 32
Ready-mixed concrete plants: 100
Quarries: 10
Cement product plants: 1
Waste management facilities: 2

Denmark
Grey cement production capacity: 2.1 million t
White cement production capacity: 0.85 million t
Cement plants: 1 (7 kilns)
Ready-mixed concrete plants: 33
Terminals: 9
Quarries: 3

Norway
Ready-mixed concrete plants: 28
Terminals: 1

Sweden
Ready-mixed concrete plants: 9
Quarries: 4

United Kingdom
Waste management facilities: 1
Terminals: 1

Latvia
Terminals: 1

Iceland
Terminals: 3

Netherlands
Terminals: 1

Poland
Terminals: 1

Belgium
Grey cement production capacity: 2.3 million t
Cement plants: 1
Ready-mixed concrete plants: 9
Terminals: 1
Quarries: 3

France
Ready-mixed concrete plants: 5
Terminals: 1

USA
White cement production capacity: 0.26 million t
Cement plants: 2
Cement product plants: 1
Terminals: 3

Turkey
Grey cement production capacity: 5.4 million t
Cement plants: 4
Ready-mixed concrete plants: 16
Waste management facilities: 1

Egypt
White cement production capacity: 1.1 million t
Cement plants: 1

China
White cement production capacity: 0.7 million t
Cement plants: 1
Terminals: 4

Malaysia
White cement production capacity: 0.35 million t
Cement plants: 1
Terminals: 2

Australia
Terminals: 4

Italy
Secondary and operational office of Cementir Holding N.V.

Nordic & Baltic

Volumes sold (million/t–m³)	2020	2019
Denmark		
Grey cement sales	1.68	1.63
White cement sales	0.66	0.62
Ready-mixed concrete sales	1.15	1.14
Aggregate sales	0.71	0.70
Norway		
Ready-mixed concrete sales	0.77	0.87
Sweden		
Ready-mixed concrete sales	0.24	0.22
Aggregate sales	3.60	3.36

Belgium / France

Volumes sold (million/t–m³)	2020	2019
Belgium / France		
Grey cement sales	2.02	2.08
Ready-mixed concrete sales	0.81	0.88
Aggregate sales	5.22	5.65

North America

Volumes sold (million/t)	2020	2019
United States		
White cement sales	0.65	0.63

Turkey

Volumes sold (million/t–m³)	2020	2019
Grey cement sales	3.54	3.06
Ready-mixed concrete sales	1.47	1.00

Egypt

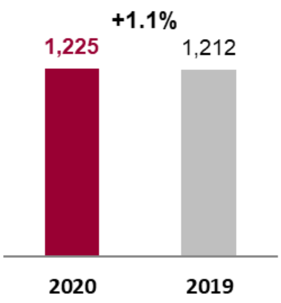
Volumes sold (million/t)	2020	2019
White cement sales	0.45	0.40

Asia Pacific

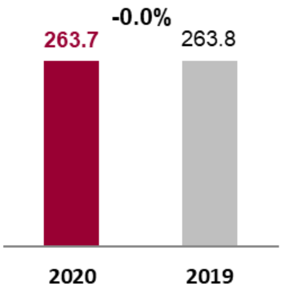
Volumes sold (million/t)	2020	2019
China		
White cement sales	0.72	0.72
Malaysia		
White cement sales	0.30	0.34

PERFORMANCE, FINANCIAL AND EQUITY HIGHLIGHTS

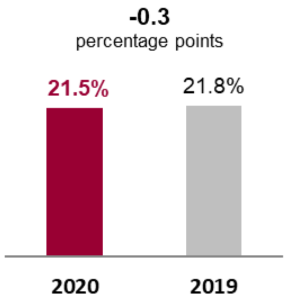
Revenue from sales and services
(EUR million)



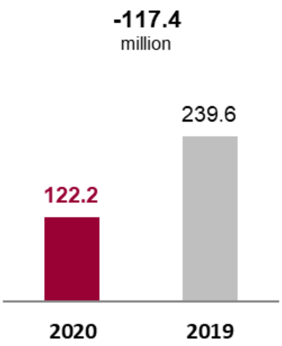
EBITDA
(EUR million)



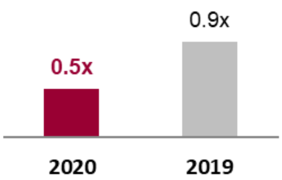
EBITDA Margin
(%)



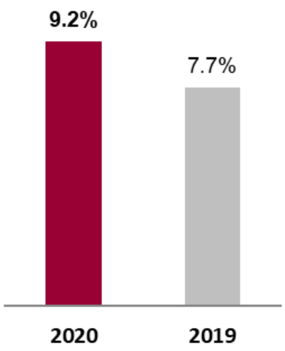
Net financial debt
(EUR million)



Net financial debt / EBITDA



Return on Equity ROE
(%)



PERFORMANCE HIGHLIGHTS

(EUR'000)	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Revenue from sales and services	1,224,793	1,211,828	1,196,186	1,140,006	1,027,578	969,040	948,013
EBITDA	263,740	263,794	238,504	222,697	197,826	194,036	192,432
EBITDA Margin %	*21.5%*	*21.8%*	*19.9%*	*19.5%*	*19.3%*	*20.0%*	*20.3%*
EBIT	157,173	151,743	153,213	140,565	94,659	97,645	104,085
EBIT Margin %	*12.8%*	*12.5%*	*12.8%*	*12.3%*	*9.2%*	*10.1%*	*11.0%*
Net financial income (expense)	(14,615)	(25,095)	31,422	(13,912)	23,936	3,998	(4,602)
Profit before taxes	142,558	126,648	184,635	126,653	118,595	101,643	99,483
Income taxes	(33,195)	(36,219)	(35,866)	(16,393)	(33,246)	(26,542)	(20,758)
Profit from continuing operations	109,363	90,429	148,769	110,260	85,349	75,101	78,725
Profit margin %	*8.9%*	*7.5%*	*12.4%*	*9.7%*	*8.3%*	*7.8%*	*8.3%*
Profit (loss) from discontinued operations	-	-	(13,109)	(33,094)	-	-	-
Profit for the year	109,363	90,429	135,660	77,166	85,349	75,101	78,725
Profit attributable to the owners of the parent	102,008	83,569	127,194	71,471	67,270	67,477	71,634
Profit margin %	*8.3%*	*6,9%*	*10.6%*	6.3%	*6.5%*	*7.0%*	*7.6%*

FINANCIAL AND EQUITY HIGHLIGHTS

(EUR'000)	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Net capital employed	1,305,142	1,421,195	1,383,799	1,558,929	1,622,741	1,353,192	1,401,632
Total assets	2,232,379	2,266,094	2,132,223	2,357,329	2,435,444	1,849,551	1,873,410
Total equity	1,182,962	1,181,567	1,128,384	1,015,658	1,060,303	1,131,105	1,123,301
Equity attributable to the owners of the parent	1,056,709	1,044,627	997,146	956,188	992,697	1,048,670	1,043,070
Net financial debt	122,181	239,629	255,415	543,271	562,438	222,087	278,331

PROFIT AND EQUITY RATIOS

	2020	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Return on equity (a)	9.2%	7.7%	13.2%	10.9%	8.0%	6.6%	7.0%
Return on capital employed (b)	12.0%	10.7%	11.1%	9.0%	5.8%	7.2%	7.4%
Equity ratio (c)	52.7%	51.8%	52.5%	42.8%	42.8%	60.7%	59.6%
Net gearing ratio (d)	10.4%	20.4%	22.8%	53.8%	54.0%	19.8%	24.9%
Net financial debt/EBITDA	0.5x	0.9x	1.1x	2.4x	2.8x	1.1x	1.4x

(a) Profit (loss) from continuing operations/Total equity
(b) EBIT/Net capital employed
(c) Adjusted equity/Total assets
(d) Net financial debt/ Adjusted equity

PERSONNEL AND INVESTMENTS

	2020	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Number of employees (at 31 Dec)	2,995	3,042	3,083	3,021	3,667	3,032	3,053
Acquisitions (EUR million)	-	-	(223)	7.5	405.4[e]	-	-
Investments (EUR million)	85.9[f]	88.4[f]	66.7	85.8	71.8	61.3	66.3

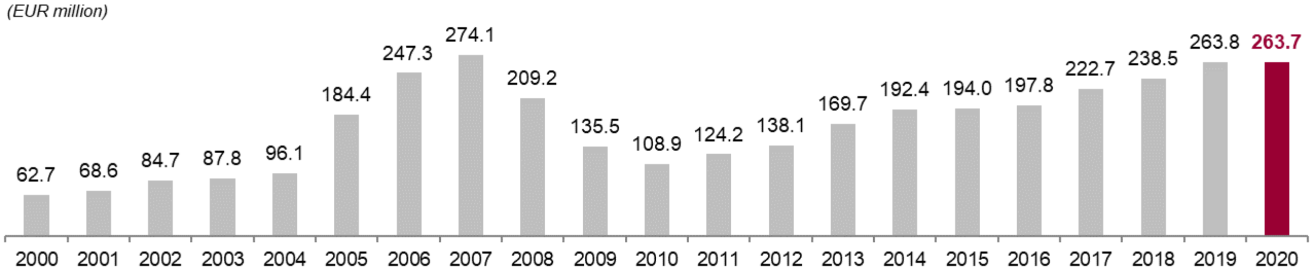
(e) On a cash and debt-free basis.
(f) Including investments accounted for in accordance with IFRS.

SALES VOLUMES

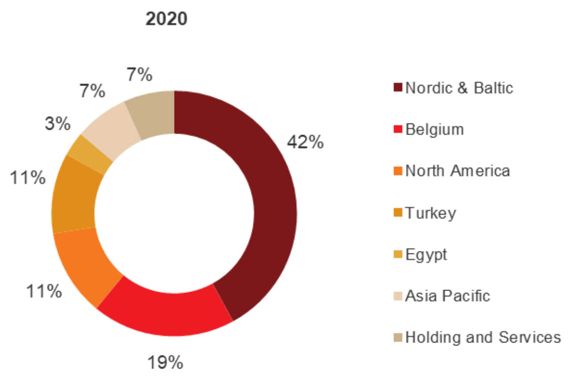
(000)	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Grey and white cement (metric tons)	10,712	9,489	9,828	10,282	10,110	9,368	9,560
Ready-mixed concrete (m^3)	4,435	4,116	4,921	4,948	4,420	3,749	3,495
Aggregates (t)	9,531	9,710	9,953	9,335	4,462	3,813	3,259

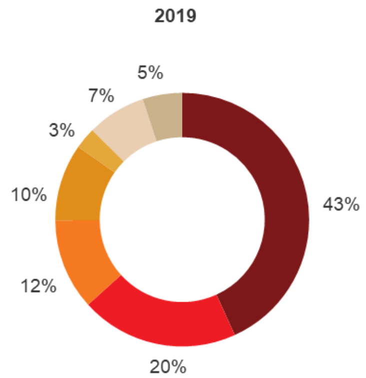
EBITDA PERFORMANCE

(EUR million)



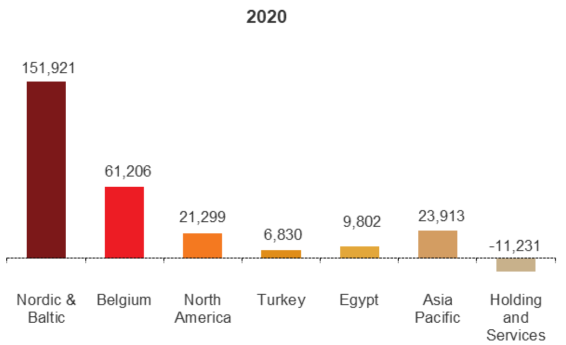
REVENUE FROM SALES AND SERVICES BY GEOGRAPHICAL SEGMENT

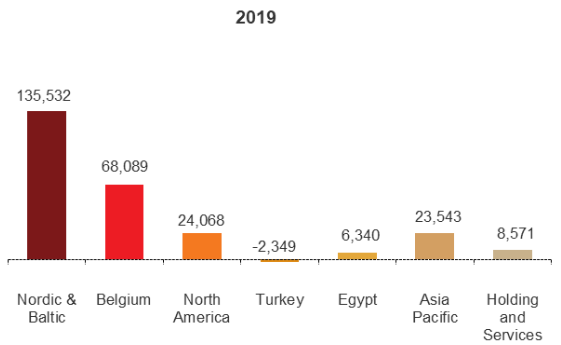




(EUR'000)	2020	2019	Change %
Nordic & Baltic	562,433	562,407	0.0%
Belgium	253,237	261,724	-3.2%
North America	152,968	151,034	1.3%
Turkey	141,834	127,942	10.9%
Egypt	43,364	35,789	21.2%
Asia Pacific	94,660	97,574	-3.0%
Holding and Services	89,771	65,490	37.1%
Eliminations	(113,474)	(90,132)	25.9%
Total revenue from sales and services	**1,224,793**	**1,211,828**	**1.1%**

EBITDA BY GEOGRAPHICAL SEGMENT

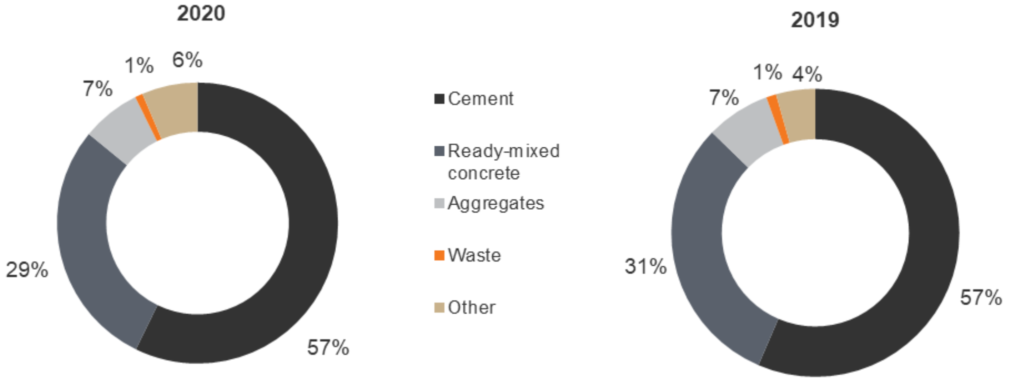




(EUR'000)	2020	2019	Change %
Nordic & Baltic	151,921	135,532	12.1%
Belgium	61,206	68,089	-10.1%
North America	21,299	24,068	-11.5%
Turkey [1]	6,830	(2,349)	390.8%
Egypt	9,802	6,340	54.6%
Asia Pacific	23,913	23,543	1.6%
Holding and Services[2]	(11,231)	8,571	-231.0%
Total EBITDA	**263,740**	**263,794**	**0.0%**

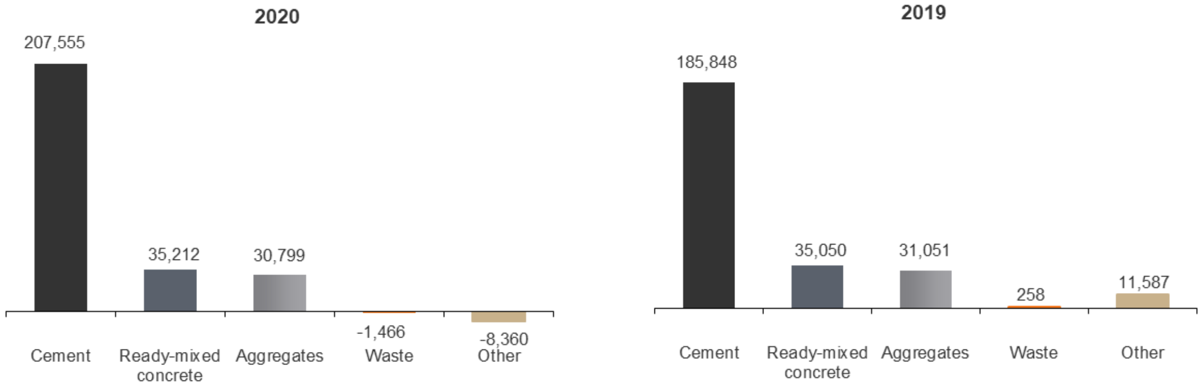
[1] Includes non-recurring revenue of EUR 3.6 million in 2020 and EUR 6.4 million in 2019.
[2] Includes non-recurring charges of EUR 3.0 million in 2020.

REVENUE FROM SALES AND SERVICES BY BUSINESS SEGMENT



(EUR'000)	2020	2019	Change %
Cement	779,256	742,817	4.9%
Ready-mixed concrete	390,869	405,209	-3.5%
Aggregates	92,186	94,756	-2.7%
Waste	12,077	14,699	-17.8%
Other	87,462	58,012	50.8%
Eliminations	(137,057)	(103,665)	-32.2%
Total revenue from sales and services	**1,224,793**	**1,211,828**	**1.1%**

EBITDA BY BUSINESS SEGMENT



(EUR'000)	2020	2019	Change %
Cement [2]	207,555	185,848	11.7%
Ready-mixed concrete	35,212	35,050	0.5%
Aggregates	30,799	31,051	-0.8%
Waste [3]	(1,466)	258	-668.2%
Other [4]	(8,360)	11,587	-172.1%
Total EBITDA	**263,740**	**263,794**	**0.0%**

[2] Includes non-recurring revenue of EUR 6.7 million in 2020 and EUR 6.4 million in 2019.
[3] Includes non-recurring charges of EUR 3.1 million in 2020.
[4] Includes non-recurring charges of EUR Euro 3.0 million in 2020.

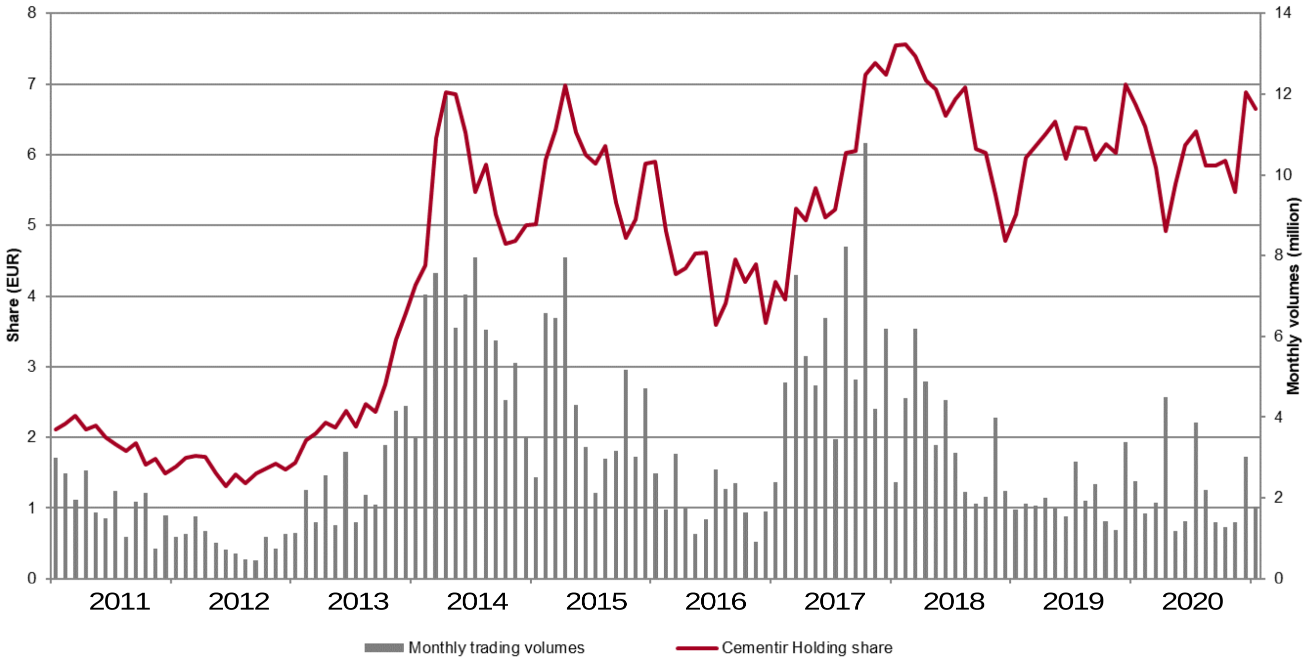
CEMENTIR HOLDING ON THE STOCK EXCHANGE

KEY MARKET DATA

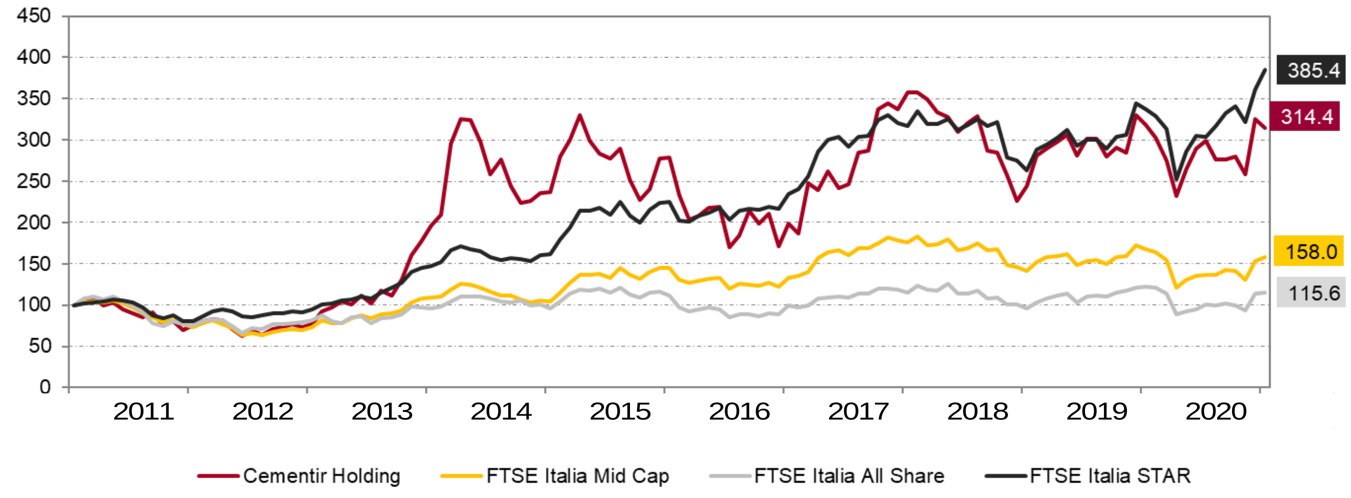
(EUR'000)	**2020**	**2019**	**2018**	**2017**	**2016**
Share capital at 31 December (EUR)	159,120,000	159,120,000	159,120,000	159,120,000	159,120,000
Number of ordinary shares	159,120,000	159,120,000	159,120,000	159,120,000	159,120,000
Treasury shares at 31 December	694,500				
Earnings per share (EUR) (1)	0.641	0.525	0.799	0.449	0.423
Dividend per share (EUR)	0.14 (2)	0.14	0.14	0.10	0.10
Pay-out ratio	21.8%	26.7%	17.5%	21.8%	23.7%
Dividend yield (3)	2.1%	2.7%	2.7%	1.3%	2.4%
Market capitalisation (EUR million)(3)	1,058.1	1,069.9	816.3	1,201.4	668.6
Share price (EUR)					
Low	4.17	4.98	4.48	3.86	3.30
High	7.20	7.15	8.19	7.63	5.92
Year-end price	6.65	6.72	5.13	7.55	4.20

(1) Calculated on the monthly weighted average number of shares outstanding in the year.
(2) Dividend proposed to the Shareholders' Meeting.
(3) Figures are calculated on the basis of the year-end price.

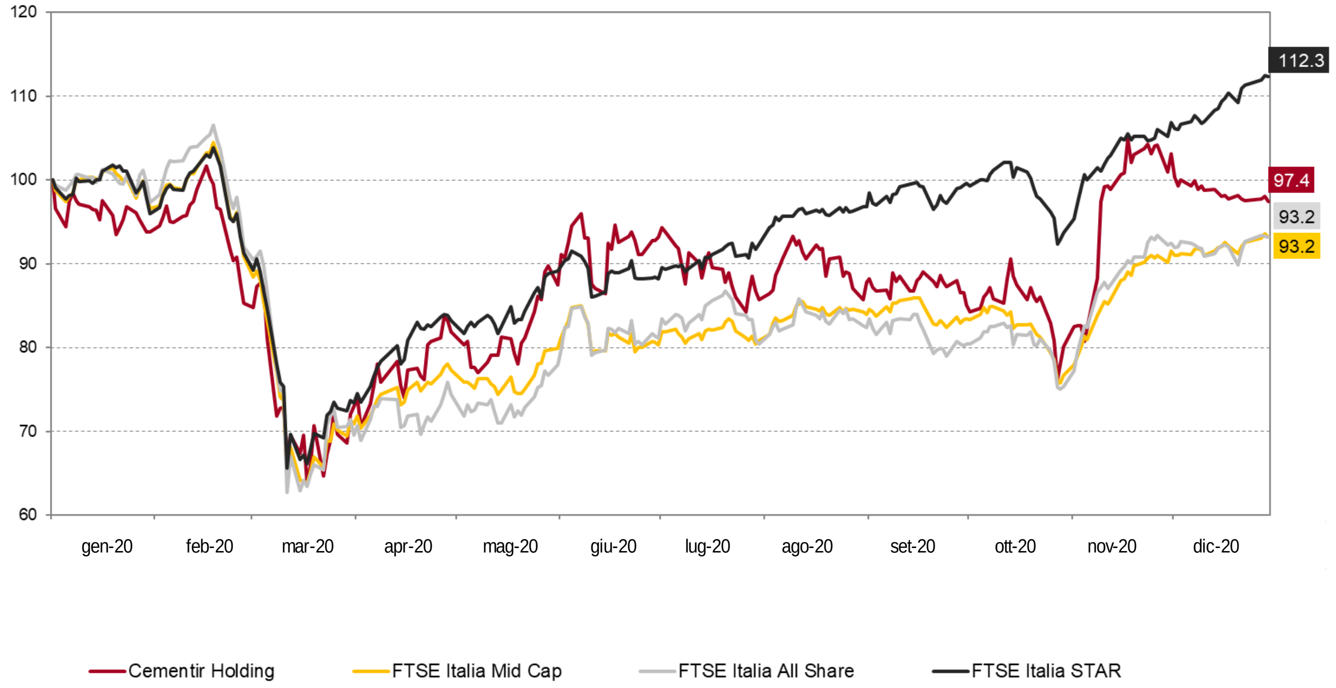
PERFORMANCE OF CEMENTIR HOLDING SHARES (31 DECEMBER 2010 – 30 DECEMBER 2020)



PERFORMANCE OF CEMENTIR HOLDING SHARES VERSUS FTSE ITALIA MID CAP, FTSE ITALIA ALL SHARE AND FTSE ITALIA STAR INDEXES (BASE 31 DECEMBER 2010 = 100)



PERFORMANCE OF CEMENTIR HOLDING SHARES VERSUS FTSE ITALIA MID CAP, FTSE ITALIA ALL SHARE AND FTSE ITALIA STAR INDEXES (BASE 2 JANUARY 2020 = 100)



COMPANY OFFICERS

Board of Directors [1] In office until approval of 2022 financial statements	*Executive Director Chairman and CEO*	Francesco Caltagirone Jr.
	Non-Executive Director and Vice-Chairman[2]	Alessandro Caltagirone
	Non-Executive Director and Vice-Chairwoman[3]	Azzurra Caltagirone
	Non-Executive Directors	Edoardo Caltagirone Saverio Caltagirone Fabio Corsico Veronica De Romanis *(independent)* Paolo Di Benedetto *(independent)* [4] Chiara Mancini *(independent)*
Audit Committee[5]	***Chairwoman***	Veronica De Romanis *(independent)*
	Members	Paolo Di Benedetto *(independent)* Chiara Mancini *(independent)*
Remuneration and Nomination Committee[6]	***Chairwoman***	Chiara Mancini *(independent)*
	Members	Paolo Di Benedetto *(independent)* Veronica De Romanis *(independent)*
Independent Auditors		KPMG Accountants N.V.[7]

[1] Appointed by resolution of the shareholders' meeting of 20 April 2020.
[2] Appointed by resolution of the Board of Directors dated 24 April 2020
[3] Appointed by resolution of the Board of Directors dated 24 April 2020
[4] Appointed *Senior Non Executive Director* by resolution of the Board of Directors dated 24 April 2020
[5] Appointed by resolution of the Board of Directors dated 24 April 2020
[6] Appointed by resolution of the Board of Directors dated 24 April 2020
[7] The extraordinary meeting of 28 June 2019, in order to avoid situations of discontinuity in carrying out the statutory audit assignment previously entrusted to KPMG S.p.A. with duration until 2020 and in accordance with Dutch legislation, it has decided to entrust the task to an auditing company belonging to the KPMG network based in Amsterdam.

BLANK PAGE

DIRECTOR'S REPORT

INTRODUCTION

This Directors' Report refers to the separate and consolidated financial statements of the Cementir Group as at 31 December 2020. These statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU (EU-IFRS), and with Part 9 of Book 2 of the Dutch Civil Code.

This report should be read together with the separate and consolidated financial statements for the year 2020. These financial statements of Cementir Group have been prepared on the basis of the going concern assumption.

GROUP PROFILE

Cementir Holding N.V. is a multinational group with registered office in the Netherlands operating in the building materials sector. The Group is the world leader in white cement with 3.3 million tonnes of installed capacity, the leading producer of cement in Denmark and of ready-mixed concrete in the Scandinavian area, the third player in Belgium and amongst the main international operators for grey cement in Turkey. In Belgium, the Group operates one of the largest aggregate quarries in Europe. In Turkey and the United Kingdom, Cementir is active in the treatment of urban and industrial waste, used to produce waste-derived fuel for cement plants.

Cementir's international growth over the years was mainly driven by investments and acquisitions for over EUR 1.7 billion, which have transformed the company from a domestic to a multinational player with production sites in 18 countries, a production capacity of over 13 million tonnes of white and grey cement and a commercial presence in over 70 countries. The company continues to pursue a strategy which aims to achieve both geographical and product diversification and a growing integration of its operations.

The Group has boosted the extensive use of digital technology in production processes with the Cementir 4.0 project, which aims to ensure a level of operational excellence along the entire value chain, including limestone extraction, the use of raw materials and alternative fuels in clinker production and the creation of semi-finished products and products with a lower environmental impact.

Cementir has defined a sustainability strategy to reduce CO_2 emissions levels by 30% by 2030, with an investment plan of approximately EUR 107 million in sustainability projects, including wind energy production and district heating in Denmark, investments aimed at reducing the consumption of thermal energy and electricity in its plants in Denmark and Belgium. Thanks to the introduction of new value-added products and technologies such as FUTURECEM™, patented worldwide, the Group has set itself the goal of significantly reducing clinker content and consequent CO_2 emissions in its products.

In December 2020, the Group obtained a "B" rating from CDP (Carbon Disclosure Project), in recognition of its strong commitment to environmental sustainability.

Cementir Holding has been listed on the Milan Stock Exchange since 1955 and today is one of the leading companies in the STAR segment. Since 1992, Cementir has been part of the Caltagirone Group, one of the leading private industrial groups in Italy with activities in the residential construction, infrastructure, publishing, real estate and finance sectors.

GROUP PERFORMANCE

The consolidated income statement for 2020 is reported below, with comparative figures provided for 2019:

Financial Highlights

(EUR'000)	2020	2019	Change %
REVENUE FROM SALES AND SERVICES	**1,224,793**	**1,211,828**	**1.1%**
Change in inventories	(14,436)	5,798	-349.0%
Increase for internal work and other income	22,442	25,766	-12.9%
TOTAL OPERATING REVENUE	**1,232,799**	**1,243,392**	**-0.9%**
Raw materials costs	(461,195)	(466,387)	-1.1%
Personnel costs	(188,430)	(184,897)	1.9%
Other operating costs	(319,434)	(328,314)	-2.7%
TOTAL OPERATING COSTS	**(969,059)**	**(979,598)**	**-1.1%**
EBITDA	**263,740**	**263,794**	**0.0%**
EBITDA Margin %	*21.5%*	*21.8%*	
Amortisation, depreciation, impairment losses and provisions	(106,567)	(112,051)	-4.9%
EBIT	**157,173**	**151,743**	**3.6%**
EBIT Margin %	*12.8%*	*12.5%*	
Share of net profits of equity-accounted investees	571	310	84.2%
Net financial income (expense)	(15,186)	(25,405)	40.2%
NET FINANCIAL INCOME (EXPENSE)	**(14,615)**	**(25,095)**	**41.8%**
PROFIT BEFORE TAXES	**142,558**	**126,648**	**12.6%**
PROFIT BEFORE TAXES/REVENUE %	*11.6%*	*10.5%*	
Income taxes	(33,195)	(36,219)	-8.3%
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**109,363**	**90,429**	**20.9%**
PROFIT FOR THE YEAR	**109,363**	**90,429**	**20.9%**
Attributable to:			
Non-controlling interests	7,355	6,860	7.2%
Owners of the Parent	**102,008**	**83,569**	**22.1%**

Sales volumes

(EUR'000)	2020	2019	Change %
Grey, White cement and Clinker (metric tons)	10,712	9,489	12.9%
Ready-mixed concrete (m3)	4,435	4,116	7.8%
Aggregates (metric tons)	9,531	9,710	-1.8%

In 2020, cement and clinker **sales volumes**, equal to 10.7 million tonnes, recorded an increase of 12.9% compared to 2019. The increase is mainly attributable to performance in Turkey, with volumes up by 39%.

Sales volumes of ready-mixed concrete, equal to 4.4 million cubic metres, were up by 7.8% mainly due to the increase in Turkey and, to a lesser extent, in Sweden.

In the aggregates sector, sales volumes amounted to 9.5 million tonnes, down by 1.8% as a result of the increase in Denmark and Sweden offset by a contraction in Belgium and France caused by the pandemic.

Group revenue reached EUR 1,224.8 million, up 1.1% compared to EUR 1,211.8 million in 2019. Revenue recorded a positive performance in Turkey and Egypt, while in the other regions revenue were stable or declining.

At constant 2019 exchange rates, revenue would have reached EUR 1,269.3 million, up by 4.7% on the previous year.

Operating costs totalled EUR 969.1 million, down 1.1% compared to 2019 (EUR 979.6 million). Operating costs fell slightly due mainly to the containment measures launched during the first outbreak of the pandemic.

The **cost of raw materials** amounted to EUR 461.2 million (EUR 466.4 million in 2019), down due to a fall in the cost of raw materials.

Personnel costs amounted to EUR 188.4 million, up compared to EUR 184.9 million in 2019.

Other operating costs totalled EUR 319.4 million, compared to EUR 328.3 million in 2019.

EBITDA amounted to EUR 263.7 million, unchanged compared to EUR 263.8 million in 2019. At constant exchange rates with the previous year, EBITDA would have reached EUR 267.0 million.

In addition, EBITDA benefited from non-recurring net income of EUR 0.6 million (EUR 6.4 million in 2019 due to the revaluation of land and building in Turkey), made up of EUR 6.1 million for charges related to some equipment disposal in Turkey, the execution of a settlement agreement and other legal charges, and EUR 6.7 million of non-recurring income related to the revaluation of real estate assets in Turkey.

The EBITDA margin was 21.5%, compared to 21.8% in 2019.

Taking into account EUR 106.6 million of amortisation, depreciation, write-downs and provisions (EUR 112.1 million in 2019), **EBIT** reached EUR 157.2 million, up 3.6% compared to EUR 151.7 million in the previous year. Amortisation, depreciation, write-downs and provisions include impairment of assets for EUR 1.3 million and provisions for risks of EUR 1.0 million. There were no inventory impairment losses or provisions for risks as consequences of the Covid-19 pandemic.

At constant exchange rates with the previous year, EBIT would have reached EUR 157.3 million.

The **share of net profits of equity-accounted investees** was EUR 0.6 million (EUR 0.3 million in 2019).

Net financial expense was EUR 15.2 million (expense of EUR 25.4 million in 2019). The 2020 expense included the negative net impact of exchange rate changes for EUR 4.0 million (negative for EUR 4.4 million in 2019), with the remainder accounted for by the impact of the valuation of certain derivatives; representing this valuation the main variance versus 2019.

Profit before taxes was EUR 142.6 million (EUR 126.6 million in 2019).

Profit from continuing operations totalled EUR 109.4 million (EUR 90.4 million 2019), after taxes amounting to EUR 33.2 million (EUR 36.2 million in the previous year).

Group net profit, once non-controlling interests were accounted for, amounted to EUR 102.0 million (EUR 83.6 million in 2019).

Financial highlights

(EUR'000)	31-12-2020	31-12-2019
Net capital employed	1,305,142	1,421,195
Total equity	1,182,962	1,181,567
Net financial debt	122,181	239,629

Net financial debt as at 31 December 2020 was EUR 122.2 million, a decrease of EUR 117.4 million compared to EUR 239.6 million as at 31 December 2019. The lease liability included in the debt position according to IFRS16 was equal to EUR 85,3 million compared to EUR 83,9 million in December 2019.

Net of this impact, net financial debt declined by EUR 118.8 million.

Total equity as at 31 December 2020 amounted to EUR 1,183.0 million (EUR 1,181.6 million as at 31 December 2019).

FINANCIAL INDICATORS

The following table provides the most significant indicators for a brief assessment of the performance and financial position of the Cementir Holding Group. Return on Equity and Return on Capital Employed allow a quick understanding on how the operational performance of the Group has an impact on the overall profitability. The other Financial Indicators highlight the ability of the company to meet its financial obligations.

PERFORMANCE INDICATORS	2020	2019	COMPOSITION
Return on Equity	9.24%	7.65%	Profit from continuing operations/Equity
Return on Capital Employed	12.04%	10.68%	EBIT/(Equity + Net financial debt)

FINANCIAL INDICATORS	2020	2019	COMPOSITION
Equity Ratio	52.66%	51.84%	Adjusted Equity/Total Assets
Net Gearing Ratio	10.39%	20.40%	Net financial debt/ Adjusted Equity
Liquidity Ratio	0.83	1.35	Cash + Receivables / Current Liabilities
Cash Flow	0.53	0.46	Operating Cash Flow / Total Financial Debt
Finance Needs	122.2	239.6	Net Financial Position

The change in the performance indicators is due to the positive trend of the management of current operations and the impact generated by the cash flow from ordinary activities, positive for EUR 118.8 million. In particular, from a financial point of view, we note the constant reduction of debt compared to the previous year and therefore the strengthening of the equity structure.

It should be noted that the reduction in the Liquidity ratio is attributable to the reclassification of the term loan entered into by Cementir Holding in 2016 with a pool of lenders having maturity in 2021.

NON-FINANCIAL INDICATORS

The Group has defined a 10-year plan that will allow for the constant reduction of CO_2 emissions per tonne of cement produced. By 2030, CO_2 emissions will be less than 500 kg per tonne of grey cement, which is a 30% reduction from 1990 levels.

For white cement, which is a niche product for specific applications, with a market share equal to 0.5% of world production, CO_2 emissions will be around 800 kg per tonne of product, with a 35% reduction compared to 1990. With this reduction, emissions will be below the EU benchmark for the white cement ETS system.

Specific objectives were also identified, divided between grey and white cement, to replace fossil fuels with alternative "green" fuels and reduce clinker content in the cement produced.

The climate change targets established by the Group have been deployed per single plant and year and included in the 2021-2023 Business Plan approved by the Board of Directors of Cementir Holding.

Grey cement

Year	2019	2020	2022	2025	2030
Traditional fuel use in %	69%	72%	64%	57%	23%
Alternative fuel use in %	31%	28%	36%	43%	77%
Clinker ratio	82%	82%	78%	73%	68%
CO_2 emissions (kg CO_2/tonne cement)	696	718	679	577	494
Reduction compared to 2019		0%	-2%	-17%	-29%

White cement

Year	2019	2020	2022	2025	2030
Traditional fuel use in %	96%	97%	96%	95%	94%
Alternative fuel use in %	4%	3%	4%	5%	6%
Clinker ratio	84%	82%	82%	82%	80%
CO_2 emissions (kg CO_2/tonne cement)	926	915	915	870	808
Reduction compared to 2019		-1%	-1%	-6%	-13%

During 2020, the Covid-19 lockdowns in countries where the Group operates led to difficulties in sourcing alternative raw materials and fuels and the need to reorganise the timing of related investments, with a slight negative effect on the reduction of the average emissions per tonne of grey cement. Given the transient nature of the health emergency, it is not believed that this negative effect will have repercussions on future targets, which are therefore confirmed.

Additional KPIs have been set in order to monitor other relevant areas, as alternative fuels produced by the waste treatment plants, the alternative fuels used for thermal energy production in place of non-renewable fossil fuels, the water consumption for cement production, health and safety, training and performance evaluation of employees.

Alternative fuel produced by the Group	2020	2019	2018	Description
Alternative fuel (metric tonnes)	79,106(*)	100,520	105,479	Fuel produced from municipal solid waste, industrial waste or commercial waste.

(*) It should be noted that in June 2020, the Group sold the fixed equipment of the Hereko division, active in the processing of municipal solid waste in the municipality of Istanbul and the production of alternative fuels.

Fossil fuel replacement index	2020	2019	2018	Description
% of fossil fuel replacement	19%	20.0%	20.0%	Alternative fuels used / total fuels used for the production of cement

Water reused in cement production	2020	2019 (*)	Composition
% of water reuse	40%	34%	Reused water / Water withdrawn

(*) the 2019 data relating to the Asian plants has been subject to reclassification for a like-by-like reading.

Health and Safety	2020	2019	2018	Composition
No. of fatal injuries	0	0	0	Deaths as a result of accidents at work
Fatality Rate	0.00	0.00	0.00	(No. of fatal injuries/hours worked) x 1,000,000
Lost Time Injuries (LTI)	60	61	70	No. of injuries with absence days
LTI Frequency Rate	11.0	10.4	12.0	(No. of injuries with absence days/hours worked) x 1,000,000
LTI Severity Rate	0.16	0.27	0.20	(No. of days off work/hours worked) x 1,000

Accidents occurring during 2020 were analysed in order to implement any improvement actions identified.

Training	2020	2019	2018	Composition
Training hours per capita	11.7	16.8	20.5	Training hours / number of employees

Due to the security measures introduced by the Group to combat Covid-19, the training activities initially planned for 2020, were either, where possible, held online, or where preferable, postponed to 2021.

Employees with periodic performance assessment	2020	2019	2018	Description
Executives	93%	91%	89%	Executives receiving performance assessment / total Executives
Manager	61%	78%	97%	Managers receiving performance assessment / total Managers
White-collar workers	77%	80%	61%	White-collar workers receiving performance assessment / total White-collar workers
Blue collars	44%	48%	46%	Blue-collar workers receiving performance assessment / total Blue-collar workers

PERFORMANCE BY GEOGRAPHICAL SEGMENT

Nordic and Baltic

(EUR'000)	2020	2019	Change %
Revenue from sales	562,433	562,407	0.0%
Denmark	*384,246*	*369,886*	*3.9%*
Norway / Sweden	*176,431*	*193,383*	*-8.8%*
Other (1)	*58,297*	*57,207*	*1.9%*
Eliminations	*(56,541)*	*(58,069)*	
EBITDA	151,921	135,532	12.1%
Denmark	*131,440*	*112,180*	*17.2%*
Norway / Sweden	*17,378*	*20,111*	*-13.6%*
Other (1)	*3,103*	*3,241*	*-4.3%*
EBITDA Margin %	*27.0%*	*24.1%*	
Investments	39,884	48,821	

(1) Iceland, Poland, Russia and white cement operating activities in Belgium and France

Denmark

Sales revenues in 2020 reached EUR 384.2 million, up by approximately 3.9% compared to EUR 369.9 million in 2019, mainly due to the increase in sales on the domestic market, both of grey and white cement.

There was an increase in activity in almost all domestic market segments, in particular in cement products, ready-mixed concrete, large infrastructure works and the retail trade, with a contraction only in the prefabricated sector. Thanks also to some significant infrastructure projects and favourable weather conditions in the first part of the year, the negative effects of the Covid-19 virus were contained. In some segments, the lockdown instead generated an increase in sales (road paving and retail sales). There was also an increase in white cement, albeit limited in terms of volumes, due to taking on some important new customers.

Average sales prices on the domestic market saw a positive change due to renewed sales contracts and the favourable product mix.

The export volume of white cement is up by 5% compared to the previous year with a different mix of countries: higher deliveries to Poland, Germany, Finland and France compared to lower volumes to other countries also due to the global pandemic. Grey cement exports fell by 9% due to lower deliveries to Norway and Iceland as a result of Covid-19 as well as the contraction of the construction sector in Norway, with higher sales in the Faroe Islands for a significant infrastructure project.

Average export sales prices for grey cement increased, while in relation to white cement, they contracted due to the mix of recipient countries and exchange rate effect.

Ready-mixed concrete volumes in Denmark increased modestly compared to 2019, due to the positive weather conditions but with varying trends in different regions of the country, with a slowdown in metropolitan areas. Prices benefited from additional services supplied to the customers.

Aggregate volumes in Denmark showed a moderate increase compared to the previous year, mainly due to a significant motorway project.

EBITDA in 2020 amounted to EUR 131.4 million (EUR 112.2 million in 2019), up by EUR 19.2 million. The increase is largely attributable to the cement sector, whose results benefited from the positive impact of volumes, the evolution of sales prices, lower fuel and electricity costs, plant production efficiencies and the containment of maintenance, general and administrative costs.

In ready-mixed concrete, the improved result of EUR 4.1 million was determined by the evolution of sales prices and lower fixed costs in all company areas. In the aggregates sector too, EBITDA increased for the same reasons.

Total investments amounted to EUR 32.2 million, of which EUR 24.1 million in the cement sector mainly for extraordinary maintenance, environmental impact projects and production rationalisation. Investments in ready-mixed concrete amounted to EUR 7.3 million and mostly related to leasing contracts for transport vehicles. Investments included EUR 10.7 million accounted according to IFRS 16.

Norway and Sweden

In **Norway**, ready-mixed concrete sales volumes fell by more than 11% compared to previous year. The country recorded a contraction in activities, both in the residential and commercial sectors, linked to the trend in oil prices, as well as the effects of Covid-19, which led to a significant reduction in volumes in the first part of the year. Volumes recovered in the final months of 2020.

The change in prices is due to the product/customer mix.

It is important to underline that the Norwegian krone lost around 9% against the Euro compared to the average exchange rate in 2019.

In **Sweden**, volumes of ready-mixed concrete and aggregates were up 7% compared to the previous year. In 2020, the sector benefited from favourable weather conditions and robust construction market trend, also following some significant infrastructure projects. The decline in the residential sector recorded in 2019 recovered, while the infrastructure segment recorded growth.

Average ready-mixed concrete prices followed the inflation trend, while aggregate prices were affected by the product/project mix.

The Swedish krona remained stable in line with the previous year.

In 2020, total sales revenue in Norway and Sweden amounted to EUR 176.4 million (EUR 193.4 million in 2019) while EBITDA fell to EUR 17.4 million (EUR 20.1 million in 2019). The reduction is attributable to Norway, due to lower sales volumes, higher raw material and cement costs, also due to the devaluation of the currency, only partially offset by savings on fixed costs following optimisation plans to cope with the crisis.

Investments in the area in 2020 amounted to EUR 7.7 million and essentially related to production efficiency. The total amount includes investments accounted for in accordance with IFRS 16 for EUR 2 million.

Belgium

(EUR'000)	2020	2019	Change %
Revenue from sales	253,237	261,724	-3.2%
EBITDA	61,206	68,089	-10.1%
EBITDA Margin %	24.2%	26.0%	
Investments	23,050	17,629	

In 2020, grey cement sales volumes fell by 3% compared to 2019. In Belgium, volumes recorded a modest increase while exports to the French and Dutch markets fell by 6%. Exports to Germany and Luxembourg, on the other hand, were on the rise. At market segment level, there was a decline above all in the ready-mixed concrete sector, and in prefabricated buildings compared to an increase in retail sales and to smaller customers. This trend is essentially explained by the negative performance, equal to almost 30%, in the months of March, April and May caused by Covid-19 for all areas in this geographic segment. Sales began to grow again in the second half of the year with an average increase of 5.5% compared to the same period of the previous year.

Average prices showed a trend in line with inflation and of the same magnitude in both domestic and exports markets, despite considerable market competition throughout the Benelux area and northern France.

Ready-mixed concrete sales volumes fell by around 9% in Belgium and France in 2020, due to Covid-19 and the postponement of some important projects in France. In the months from June to December, volumes recovered thanks to favourable weather conditions and the recovery in the level of activity in the second half of the year. In September, the company acquired a new concrete plant in northern France (Noyelles Les Seclins) while another plant (Armentières) was closed in October.

In both Belgium and France, sales prices varied in line with inflation thanks to additional services provided to customers, with greater added value.

Aggregate sales volumes fell by 7.5% compared to 2019, with a fall in the first few months of the year due to Covid-19, the situation stabilised in the following months and in the second half of the year volumes were in line with 2019. In Belgium, favourable weather conditions allowed the completion of various projects, particularly in the asphalt segment and the contraction in the year was more contained (-3%); exports, on the other hand, saw a greater reduction (-16%) in France due to the fall in numbers of motorway projects and a lack of major works, and in the Netherlands due to a decline in road paving.

Aggregate sales prices showed a positive trend in line with inflation both in the domestic market and in exports, thanks to the product, customer and destination mix (higher sales in the asphalt and prefabricated channel, lower sales in the basic and other products channel mix of customers due to Covid-19 lockdowns).

Overall in 2020, sales revenue totalled EUR 253.2 million (EUR 261.7 million in 2019) and EBITDA reached EUR 61.2 million (EUR 68.1 million in 2019).

The most significant decline was recorded in the cement sector where the EBITDA was mainly affected by the reduction in volumes and higher variable costs with an increase in electricity, packaging and internal logistics costs.

In the ready-mixed concrete sector, the reduction in margins was due to lower sales volumes and higher variable costs of raw materials only partially offset by savings on fixed production, administrative and personnel costs following cost containment plans implemented following the pandemic.

Investments in 2020 amounted to EUR 23 million and mostly concerned the cement plant in Gaurain. Investments recognised on the basis of the IFRS 16 accounting standard amounted to EUR 8.8 million mainly relating to a transport contract.

North America

(EUR'000)	2020	2019	Change %
Revenue from sales	152,968	151,034	1.3%
EBITDA	21,299	24,068	-11.5%
EBITDA Margin %	13.9%	15.9%	
Investments	4,684	4,165	

White cement sales volumes increased by 3% compared to 2019, after the sharp contraction in April and May, following the spread of Covid-19 which caused the delayed start of some significant projects, strong local competition and occasional extreme weather events (hurricanes and tropical storms). In the second half of the year, there was a strong rebound in volumes (+12%), especially in the residential and prefabricated sectors, also due to the better weather conditions.

Volumes increased in all areas compared to the previous year, particularly in the surface coating, masonry and swimming pool segments.

Prices showed different trends in the various geographic areas.

The revenues of the subsidiary LWCC were substantially in line with the previous year (EUR 138 million compared to EUR 137.7 million in 2019) with an EBITDA of EUR 20.2 million (EUR 23.8 million in 2019). Variable costs included higher distribution costs and higher production costs against by a reduction in general and administrative costs.

The other US subsidiaries are active in the production of concrete products (Vianini Pipe) and in the management of the Tampa terminal in Florida; the former benefited from strong growth in volumes.

Total sales revenue in the United States reached EUR 153 million (EUR 151 million in 2019), with EBITDA of EUR 21.3 million (EUR 24.1 million in 2019). In local currency the region EBITDA was USD 24.3 million compared to USD 26.9 million in 2019.

The US dollar average exchange rate declined by 2% against the Euro compared to 2019.

Investments in 2020 amounted to approximately EUR 4.7 million, almost entirely relating to the LWCC plants, of which EUR 2.9 million of investments accounted for on the basis of the IFRS 16 accounting standard relating above all to vehicles.

Turkey

(EUR'000)	2020	2019	Change %
Revenue from sales	141,834	127,942	10.9%
EBITDA	6,830	(2,349)	390.8%
EBITDA Margin %	4.8%	-1.8%	
Investments	9,739	6,262	

Revenue reached EUR 141.8 million, an increase of 11% compared to 2019 (EUR 127.9 million), despite the strong devaluation of the Turkish lira against the Euro (-27% compared with the average exchange rate in 2019).

The increase in local demand and cement exports generated an increase of approximately 53% in revenues in local currency and an increase of 39% in the overall cement and clinker sales volumes.

Sales volumes in the domestic market grew by 27% in all the main market segments, also favoured by positive weather conditions in the country. In the Elazig area, hit by an earthquake on 24 January 2020, numerous reconstruction projects have begun; The Trakya and Kars areas also benefited from a sharp increase in sales volumes, in part due to the launch of new infrastructure projects (high-speed railway lines for Trakya) and residential projects stimulated by the disbursement of subsidised rate loans. In the Izmir region, domestic sales remained stable compared to 2019, with a slow down due to the Covid-19 pandemic offsetting increased activity following the recent earthquake of 30 October.

Exports of cement and clinker more than doubled compared to the previous year (+510 thousand tonnes) thanks to opportunities in new markets in Africa, Europe and the Middle East.

The average cement prices in local currency in the domestic market recorded increases compared to 2019, with very different trends by area. The first part of the year was characterised by low prices and only from July average prices increased compared to 2019. Clinker and cement export price change was influenced by the destination market mix.

Ready-mixed concrete volumes also increased sharply (+47% compared to 2019). The increase in sales volume is attributable to the launch of various infrastructure and residential projects, due to the aforementioned geophysical events, in the Aegean, Marmara and Eastern Anatolia regions, and to subsidised finance projects, as well as the opening of new plants by the company.

Ready-mixed concrete prices in local currency were affected by strong market competition.

In the waste management sector, the subsidiary Sureko, active in processing of industrial waste, recorded 7.5% lower revenues in local currency compared to 2019, due to the fall in volumes of waste disposed in landfills and trade in materials, as well as due to strong competition and Covid-19; the volumes of waste collected for the production and sale of fuels (RDF) remained substantially stable compared to the previous year.

During June, the fixed equipment of the Hereko division, active in the processing of municipal waste, was sold. This sale generated a one-off negative impact on EBITDA of EUR 3.1 million.

The British subsidiary Quercia recorded revenues down 11% in local currency due to the fall in volumes of waste disposed in landfills and lower volumes of waste transferred to the plants for the production and sale of fuels derived from waste (SRF) as a result of the lockdown in the Manchester area; instead, the landfill tonnages suffered due to bad weather conditions at several times in the area.

Overall EBITDA in Turkey was equal to EUR 6.8 million, a significant improvement compared to the previous year (negative for EUR 2.3 million in 2019).

In relation to the cement and ready-mixed concrete divisions, the change in EBITDA is due to higher sales volumes, evolution of sales prices, lower costs for fuels and lower distribution costs for ready-mixed concrete, partly offset by higher electricity and raw materials costs and higher personnel costs.

Investments in 2020 amounted to EUR 9.7 million, attributable for EUR 5 million to the application of IFRS 16, which determined the recognition of investments for EUR 4.6 million relating to new ready-mixed concrete plants. Investments in cement amounted to approximately EUR 3.7 million concentrated mainly in the Izmir plant. Investments of the Waste division amounted to approximately EUR 1 million.

Egypt

(EUR'000)	2020	2019	Change %
Revenue from sales	43,364	35,789	21.2%
EBITDA	9,802	6,340	54.6%
EBITDA Margin %	22.6%	17.7%	
Investments	1,323	1,991	

Sales revenue amounted to EUR 43.4 million (EUR 35.8 million in 2019).

Sales volumes of white cement and clinker on the local market increased 13% compared to 2019. The measures put in place by the Government to limit the spread of Covid-19 in the first few months of the year led to logistical limitations and a reduction in volumes of over 40% on the domestic market. The significant recovery that took place from June to the end of the year (+37%) more than offset the lower activity of the previous months. Sales were also bolstered by the acceleration of some projects that were completed by the end of the year before the entry into force of new construction technical regulations in 2021.

Exports of white cement were up by around 18%, mainly due to higher sales in Europe against lower volumes in the Middle East.

Domestic prices were up from 2019, in line with the country's inflation, while export dollar prices are in line with the previous year.

EBITDA increased to EUR 9.8 million (EUR 6.3 million in 2019), thanks to the higher sales volumes both on the domestic and export market. On the variable cost side, there were higher costs for raw materials but lower costs for the purchase of fuels; fixed costs increased mainly due to maintenance and other fixed costs.

EBITDA also benefited from the revaluation of the Egyptian pound against the Euro by around 4.5%.

Investments in 2020 amounted to EUR 1.3 million and mainly related to packaging, water treatment and auxiliary services of the plant.

Asia Pacific

(EUR'000)	2020	2019	Change %
Revenue from sales	94,660	97,574	-3.0%
China	*54,912*	*53,197*	*3.2%*
Malaysia	*39,958*	*44,377*	*-10.0%*
Eliminations	*(210)*	*-*	
EBITDA	23,913	23,543	1.6%
China	*17,098*	*15,595*	*9.6%*
Malaysia	*6,815*	*7,948*	*-14.3%*
EBITDA Margin %	*25.3%*	*24.1%*	
Investments	4,568	6,318	

China

Sales revenues reached EUR 54.9 million (EUR 53.2 million in 2019), despite the significant reduction in activity in the first few months of the year due to the Covid-19 pandemic, which brought operations to a halt for about two months, as well as rain and flooding that temporarily stopped Anqing port activity.

In 2020, cement and clinker sales were in line with those of 2019. Following the first few months of the year, which were negatively affected by the pandemic, measures taken by the Chinese central government and local administrations led to a significant recovery in sales which, from April, were higher than the previous year. GDP growth in the country is estimated to be around 2% in 2020, as is industrial production, while construction is estimated to have grown by around 8%. 2020 is the final year of the five-year state plan, and the government is expected to continue these measures to foster increasingly robust growth despite uncertainties in the global economy.

Cement sales prices were positively affected by the product mix.

EBITDA increased to EUR 17.1 million (EUR 15.6 million in 2019), mainly thanks to higher sales prices and lower variable energy costs partially offset by higher costs for raw materials and higher fixed plant costs.

It should be noted that the Chinese Renminbi devalued by about 2% compared to the 2019 average exchange rate with the Euro.

Investments in 2020 amounted to EUR 2.2 million, mainly related to works aimed at increasing plant efficiency, environmental and logistics activities in the quarry and emission containment.

Malaysia

Sales revenue amounted to EUR 39.9 million (EUR 44.4 million in the previous year). Domestic white cement volumes declined by around 24% due to a negative trend starting in March, due to restrictions imposed by the Malaysian Government, effective from March to curb the spread of the Covid-19; despite the easing of the aforementioned restrictions, the local market only showed signs of recovery in the final part of the year. The average selling prices in local currency, on the other hand, were in line with inflation.

Exports fell by around 9% compared to 2019. The contraction in clinker exports to Australia was offset by positive trends in exports to other Southeast Asian countries. The change in export sales prices of cement and clinker was not significant as it is influenced by the country mix and exchange rates.

At EUR 6.8 million, EBITDA declined compared to year 2019 (EUR 7.9 million). The main negative factor is the decrease in cement sales volumes on the local market and clinker sales to Australia, partially offset by developments in other countries and by lower fuel and electricity costs.

The Malaysian ringgit depreciated by about 3.5% compared to the average exchange rate of the Euro in 2019.

In 2020, investments amounted to EUR 2.3 million relating to maintenance and strategic spare parts, as well as environmental activities in the quarry, of which EUR 0.4 million attributable to the application of IFRS 16.

Holding and Services

(EUR'000)	2020	2019	Change %
Revenue from sales	89,771	65,490	37.1%
EBITDA	(11,231)	8,571	-231.0%
EBITDA Margin %	-12.5%	13.1%	
Investments	2,658	3,174	

This grouping includes the parent company, Cementir Holding, the trading company, Spartan Hive, and other minor companies. The increase in Spartan Hive's revenue compared to the previous year, equal to approximately 75%, is attributable to higher sales volumes of cement, clinker, raw materials, fuel and transport services.

The EBITDA of Cementir Holding and the other minor companies was negative for EUR 11.2 million, also due to the impact of EUR 2.4 million for the payment made in execution of a settlement agreement, for compensation requests relating to previous transactions.

IMPLICATIONS OF THE SPREAD OF THE COVID-19 PANDEMIC

Although the Covid-19 pandemic has differently impacted the various countries in which the Group operates, the priority of the Company's Management has always been the safety of personnel operating across all company sites, defining and adopting infection risk containment and prevention measures in line with directives issued by local authorities. Differentiated strategies were applied for the management of office staff and those working in production plants.

In relation to the Covid-19 pandemic, each company promptly defined and adopted measures to contain and prevent the infection risk for its employees in accordance with the local directives issued. Differentiated strategies were applied for the management of office staff and those working in production plants. In some cases, the measures adopted provided for the temporary closure or restructuring of production activities in compliance with local directives.

To deal with the slowdown generated by the pandemic in the first part of the year, profitability-protecting measures were put in place through costs containment and deferment of investments. As the pandemic evolved, remote working methods continued where necessary.

Throughout the year, careful monitoring of working capital continued, including the performance of receivables, collection flows, levels of stocks of raw materials, semi-finished and finished products and the liquidity level in general.

During July, the liquidity lines used in advance during the first quarter of the year were repaid.

There were no new temporary plant closures in addition to those reported in the previous quarterly reports, which included:

- China in the period 24 January / 21 February
- Malaysia in the period 18 March / 17 April

As mentioned above, the contraction in volumes that took place in the first few months of the year was absorbed in the second half of the year, with the sole exception of the domestic market in Malaysia.

The total negative impact in terms of EBITDA is estimated to be around EUR 20 million, mainly due to a drop in volumes of around EUR 14 million, and additional costs for plant downtime, distribution and sanitation of workplaces and employee safety.

Support measures put in place by the various governments had a limited impact by around EUR 0.5 million.

From the point of view of the evolution of the net financial debt, the impact of the pandemic is estimated at around EUR 19 million, mitigated by government support and deferrals allowed by the various national authorities in the payment of taxes and labour-related charges for about EUR 6 million.

There have been no breach situations of the covenants linked to financing facilities granted to the Group. There were no difficulties in collecting receivables or increases in inventories caused by the slowdown in activity in the first part of the year.

INVESTMENTS

During 2020, the Group made total investments of approximately EUR 85.9 million (EUR 88.4 million in 2019), of which approximately EUR 30.2 million (EUR 24.7 million in 2019) related to the application of IFRS 16. The breakdown by asset classes shows that EUR 81.1 million (EUR 81.4 million in 2019) relates to property, plant and equipment and EUR 4.8 million (EUR 6.9 million in 2019) to intangible assets.

RESPONSIBILITY WITH REFERENCE TO THE ANNUAL FINANCIAL STATEMENTS

The Board of Directors is responsible for preparing the Annual Report, inclusive of the Consolidated and Separate Financial Statements and Directors' Report, in accordance with Dutch law and International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union (EU-IFRS).

In accordance with Section 5:25c, paragraph 2 of the Dutch Financial Supervision Act, the Board of Directors states that, to the best of its knowledge, the Financial Statements prepared in accordance with applicable accounting standards provide a true and fair view of the assets, liabilities, financial position and profit or loss for the year of the Company and its subsidiaries and that the Directors' Report provides a true and a fair view of the performance of the business during the financial year and the position at balance sheet date of the Company and its subsidiaries, developments during the year, together with a description of the main risks and uncertainties that the Company and the Group face.

KEY EVENTS OF THE YEAR

The 2020 financial year ended with an EBITDA of EUR 263.7 million (EUR 263.8 million in 2019), the result was impacted by the spread of the Covid-19 pandemic in the first half of the year. In the following period, activity seems to have returned to levels similar to those of the last year, with some exceptions as described in the previous paragraphs. The cash flow generated by operating activities and the management of working capital allowed the Group to end the year with net financial debt of EUR 122.2 million, which included the debt position of EUR 85.3 million due to the application of IFRS 16.

During May, dividends of EUR 22.2 million were paid as per the resolution of the Shareholders' Meeting approving the 2019 financial statements.

It should be noted that on 2 July, the extraordinary Shareholders' Meeting authorised the Board of Directors to carry out a treasury share purchase programme with a duration of 18 months and a maximum investment of EUR 60 million.

As of 31 December, the purchase of treasury shares concerned a total of 694,500 shares (0.4365% of the share capital) for an equivalent value of EUR 4,543 thousand.

In April, Aalborg Portland Digital Srl, a company operating in the provision of IT and production assistance services for the Group's units, was incorporated as a spin-off from Cementir Holding.

In January, Spartan Hive was transferred from Cementir Holding NV to Aalborg Portland Holding AS, as part of an internal restructuring against fair value (we refer to note 32 in the separate financial statement).

In December 2020, the Group obtained a "B" rating from CDP (Carbon Disclosure Project).

INNOVATION, QUALITY, RESEARCH AND DEVELOPMENT

The Cementir Group conducts applied research to support Sustainability, Innovation and Product Development and possible new solutions. These activities are carried out in close collaboration with customers and business partners, academia and other stakeholders in the construction industry and society at large.

In 2020, the Cementir Group, as founder and member of the steering committee, actively contributed to the development of Innovandi, a world-class cement and ready-mixed concrete industrial-academic research network, made up of 30 global companies in the cement-additives-ready-mixed concrete value chain together with 40 scientific institutes.

In 2021, Group experts will act as industrial mentors to support key research with a focus on further reducing CO_2 emissions in cement and ready-mixed concrete production. Innovandi is therefore a key commitment to the Group's efforts towards better sustainability.

To meet the new challenges of the "Cementing the European Green Deal"-2020 defined by the EU in terms of further reducing CO_2 emissions, the focus of the Group's research activities has been to explore and investigate further innovative products and process solutions and systems to enable a sustainable production transition. In 2020, to guide the Group towards more sustainable production, all activities in terms of process, product and innovation were translated into a 10-year roadmap with ambitious Group sustainability targets mainly focusing on European markets subject to the ETS (Emission Trading System). Implementation of priority projects for individual areas will continue in 2021.

Two milestones for FUTURECEM™, the Group's innovative proprietary technology, were reached in 2020: CE certification in accordance with European standard EN 197-1 - the first cement with production certification issued by Bureau Veritas with the designation CEM II/B-M(LL-Q) 52.5N - and inclusion into Danish regulations for its use in the production of ready-mixed concrete for construction purposes. Further testing activities continued with customers and commercial partners to document mechanical performance and particularly in terms of reducing the CO_2 footprint in ready-mixed concrete and the final structure, through an LCA - Life Cycle Assessment.

R&D expenses, to be reported according to Art. 2:391.2 DCC, amounted to EUR 2.2 million.

Innovation

The Group decided to take on the challenge of matching the growing demand for innovative, sustainable, and high value-added offerings. Innovation in the Cementir Group is driven by the InWhite™ process, led by the sales, marketing, and commercial development department spanning the entire Group, including a dedicated team at the Research and Quality Centre.

The process involves receiving the relevant information from the market and customers to generate a list of potential high value-added initiatives to be offered to customers, to set their priorities and, finally, to convert them into business models that are feasible for the Group. The overall goal is to expand the Cementir Group's product market and increase market share within the entire value chain, while supporting the path to sustainability.

In 2020, the Cementir Group strengthened its position in the ultra-high performance ready-mixed concrete segment, notably, in the European market with both products in its portfolio, AALBORG EXTREME™ Light 120 and AALBORG EXCEL™, launched in 2019. While AALBORG EXTREME™ Light 120 is intended for use in structural and semi-structural applications, AALBORG EXCEL™ is aimed at very thin architectural applications, such as exclusive façade cladding, decorative objects, etc.

In the same year, the Cementir Group extended its sales perimeter to include China, Asia and North America, given the growing interest in UHPC technology from the market and confirmed by trends in the construction sector.

Therefore, sales expectations for this innovative product range in 2021 are confirmed to be higher than in 2020.

As part of the strategy of a transition towards greater sustainability, the Cementir Group, through the InWhite™ innovation process, is developing additional products/solutions, implementing FUTURECEM™ technology, to meet the needs of its target markets, as identified through close collaboration with customers and business partners.

The InWhite™ innovation process also entered the field of 3D concrete printing. The Group has already identified and is establishing a confidential cooperation agreement with a partner who has developed an innovative hardware and software technology for the printing process, feasible for a set type of application, as verified internally.

Within the Group's innovation process, FUTURECEM™ technology will enhance the offer of innovative and value-added solutions, thus pursuing the ambitious path to sustainability. In accordance with the Group's Customercentric approach, specific product development activities were launched in all regions, in order to meet market needs for various applications, as well as to support the downstream business development of the customer base.

From January 2021, the Cementir Group, through its subsidiary Aalborg Portland, will launch the first FUTURECEM™ cement on the Danish market. There has been a strong market interest in the potential for relevant CO_2 emission reduction to support sustainability goals in the construction sector.

In 2021, the Cementir Group's intention is to implement the same Futurecem™ technology in Benelux, through its subsidiary CCB.

Research Centre

Innovation and customer service are supported by the Aalborg-based Research and Quality Centre (RQC). The centre's experts are specialists in cement chemistry, mineralogy, concrete technology, white cement application and life cycle analysis. The centre is equipped with state-of-the-art laboratory equipment, which enables a wide range of tests and analyses of raw materials, alternative fuels, cement and concrete.

In addition to the research, the centre offers customers technical support for all types of ready-mixed concrete and cement-based products. The White Cement Competence Centre (WCCC) specifically supports the InWhite™ innovation process and the use of white cement in general. At the global level, experts at the RQC help sales staff provide highly skilled assistance to the Group's customers. Research and quality skills therefore translate into high value products and services for customers.

The Research and Quality Centre (RQC) is the Group's central quality section and the laboratory of reference. It monitors the quality of the cement mills' product, helping to keep it consistent and at a high level. It also analyses raw materials and products to ensure the continuous improvement of products and production processes. The RQC operates a global quality system to ensure a uniform and consistent quality across the Group's facilities. The system consists of online quality monitoring and internal comparative analyses, as well as common standards and procedures, which support the creation of quality assessment models and improve the sharing of best practices.

Quality

Quality is one of the main objectives pursued by the Cementir Group. The CON-CQ (CONsistent Cement Quality) Concept, currently implemented in all plants, defines a quality management and control system by assigning roles and responsibilities. The quality KPIs necessary to provide the right product for each specific application are defined starting from the Voice of Customers. Based on an in-depth understanding of the impact on product performance of raw materials, fuels and the production process, Cementir Group companies can ensure the highest quality and stability of the cements they produce.

The Corporate RQT function (R&D, Quality and Commercial Technical Support) set the common quality guidelines and procedures for all the Group's plants. In addition, annual reviews are performed according to the CON-CQ criteria. Quality procedures and performance are assessed during the audits, identifying areas for improvement. The necessary support is then provided to plant management in order to achieve, where necessary, the identified improvement targets. Starting from 2019, the focus was on the measurement system, leading to significant improvements.

The Research and Quality Centre (RQC) in Aalborg is the laboratory of reference for the Group, operating a cross-checking programme that is the key to maintaining accuracy and precision in our local labs. The RQC provides them with calibration samples and, at regular intervals, it receives samples of raw materials, clinkers, and cement from individual plants to assess process efficiency and provide support to the plants. The use of advanced analytical equipment enables prompt responses and troubleshooting, as well as ensuring continuous improvement in process efficiency and product quality in each individual plant.

INFORMATION SYSTEMS

In 2020, the Information Technology function further strengthened its governance model and organization based on the centralisation of managerial responsibilities, supported by regional IT coordination and a pool of global staff distributed across all operating units. Furthermore, in the second quarter, with the creation of the Aalborg Portland Digital company, which incorporated the Holding Company's Information Technology department, the management support and advisory role of the IT function within the Group was further emphasised.

The beginning of the year was marked by the outbreak of the pandemic, which severely affected industrial operations and support functions. Thanks to the investments made in recent years and the high level of digitalisation of the tools already introduced and in use in the Group, the IT department succeeded, in all regions, in enabling all colleagues to work remotely in a very short space of time, allowing everyone to work continuously, without any impact on productivity.

The use of collaboration, videoconferencing and document sharing tools saw exponential growth, fully supported by the infrastructure in place and by the network and security initiatives that were put in place to ensure simple, secure and effective use and complete working efficiency. Office suite tools, in particular Sharepoint, Teams, OneDrive, have become the de facto standard for the Group. Adoption levels increased considerably, thanks also to the extensive training programme that involved more than 900 users in over 50 training sessions, all delivered by internal teachers, ambassadors of the EvOCem (Evolved Office for Cementir) initiative.

The above was realized still guaranteeing the necessary security levels, thanks to the widespread use of Multi Factor Authentication and further projects completed in the field of cyber security, such as the implementation of Advance Threat Protection, the Umbrella tool for Cloud Enterprise Security and the start of the active directory consolidation project, now nearing completion. Finally, training courses on cyber security have been improved in terms of content and offered to a wider population, aiming at increasing risk awareness, update staff on the most common methods of cyber-attacks and accelerate the adoption of appropriate behavioural standards.

In the infrastructure area, work continued on optimising the performance and governance of the IBM technology hybrid-cloud data centre introduced in 2019, which replaced all the Group's physical data centres. Now fully operational, it has reduced the number of managed servers by 34%, optimising management costs and making room for the introduction of new servers to support, in particular, the new digitalisation initiatives, taking advantage of the scalability and flexibility of the Cloud solution in terms of computational capacity, memory and management of space and data archive performance.

Despite the travel restrictions imposed by the pandemic, the portfolio of Group and local initiatives to support the execution of the business plan were completed with very limited impact on implementation timing. In general, the founding principle of the IT business plan was constantly pursued. Its common denominator remains the gradual streamlining of the application stock and the use of SAP as a central element of the Group processes. In addition, a small number of non-SAP applications were selected to complete the process coverage required for business operations and development.

The most important projects involving the IT department were certainly those related to the Cementir 4.0 programme and the consolidation and further deployment of C-Scale, the proprietary platform for managing cement deliveries, as well as the start of work on automating the Sales & Operations Planning (SOP) process in SAP.

Within Cementir 4.0, the IT function was mainly involved in initiatives related to purchasing, logistics and maintenance processes. In the area of purchasing, the planned implementation in the first half of the year of the e-procurement system for the Nordic&Baltic and CCB regions made it possible to use the second half of the year to extend the same product to the Asia-Pacific and North America regions. In logistics, efforts were focused on the customer portal and the introduction of delivery optimisation tools. In maintenance, the most important achievements were the definition of a standard process for the Group, as well as the finalisation of the requirements related to the implementation of the mobile application.

The C-Scale platform, created by Cementir's IT department, was adopted in 2020 in several terminals in the USA and Poland, with an aggressive plan for a geographical and functional extension in the coming years. It is a web-based solution, recently improved with off-line features, which is fully integrated with our SAP transactional system, ensuring correct and timely stock management even on non-proprietary terminals and guaranteeing fully automated load management.

2020 was also the year of the definitive adoption of Business Intelligence as an extremely high value-added tool for analysing and optimising business processes. The number of users increased by more than 40% compared to the previous year, mainly due to the numerous new analyses produced in many key processes, and to the more widespread use of Vizion, the Group's reporting platform. The increased use was also undoubtedly driven by the need to remotely benchmark key business performance indicators to better manage the period of increased uncertainty related to the pandemic.

During the year, several analyses were carried out and published at Group and local level in the areas of Production, Sales, Purchasing, Quality and Logistics. The most used analyses were undoubtedly the Daily Deliveries, covering the daily trend of deliveries of all businesses in each geographical area, and the Monthly Book, which was further improved and completed, becoming the reference point for monthly financial and industrial analyses. The industrial and human resources section dashboards were further improved, and multiple process control analyses were carried out to support the North America region, specifically in the areas of logistics and stock control, and more generally in the sales and invoicing process.

Finally, in collaboration with the Industrial function, the first steps were taken to address the increasingly topical need, in view of digitalisation, for an organic and coherent management of plant Information Technology. The aim of this path is to ensure the complete and consistent integration of data coming from field systems and make it available to the transactional and analysis systems of the traditional IT world. It will require a careful analysis and identification phase of assets in use, their obsolescence and possibility of harmonisation, the current security level and the level that can be achieved by applying Group policies. The skills and professionalism existing today will also have to be carefully assessed, to design a future organisation that can facilitate the digital transition of our manufacturing capabilities.

HEALTH, SAFETY AND ENVIRONMENT

Health and safety

Occupational safety is an essential value at the basis of Cementir's culture of sustainability, as is the protection of workers' health. Safety begins with workers and then is focused back on them as the ultimate goal of the overall risk mitigation and management improvement actions put in place. The governance of this process, right from its basic elements, was at the heart of the main initiatives implemented in 2020, starting with the strengthening of organisational controls on the matter within the Corporate technical area. The action plan provided for the updating of the Group Policy and the definition, in a structured manner, of the event monitoring process, in line with internationally recognised reporting guidelines and standards (e.g. Global Reporting Initiative).

In 2020, work began on defining the Group Guidelines on occupational health and safety, which provide a management guide to give operational consistency to the Group's policy and commitment in the area, without prejudice to the individual responsibilities of the operating companies for their application and verification. The Guidelines were issued in early 2021.

To standardise behaviour and share best practices on safety, a "Health and Safety Community" has been set up within the Group, coordinated by the Group HSE Manager and including all the Health and Safety Managers of the operating sites. In 2020, in this context, the Group's Golden Rules of Safety were defined, which summarise the common knowledge principles aimed at preventing accidents and therefore protecting life in the workplace. These Rules are based on international best practice and the Group's specific experience, which stems first and foremost from lessons learned from accident investigations. The Golden Rules, possibly complemented by specific requirements at local level, are in fact a prerequisite for developing a proactive and responsible safety culture, where the principle that 'Each one protects everyone' applies.

The implementation and maintenance of effective and efficient management systems for accident prevention is one of the key health and safety objectives at Group level. During 2020, all certified cement production plants completed the migration process to the ISO 45001 standard and were found to be in full compliance with the requirements of the standard. At the end of 2020, certified cement plants accounted for 73% of the total. The Group plans to certify all cement production plants by 2022.

Environment

The Group aims to continuously improve its environmental performance to pursue the sustainable development of its business activities. Controlling energy consumption, increasing the use of alternative fuels in the production process and reducing the emission of greenhouse gases through the use of cutting-edge technology are some of the objectives that the Group pursues to combine its economic growth with its sustainable and long-term goals.

The Group is committed to reducing the CO_2 footprint along the entire value chain and has therefore defined a series of objectives, including:

- the constant reduction of CO_2 emissions per tonne of cement produced. By 2030, grey cement production is expected to generate less than 500 kg of CO_2 per tonne of cement;
- an increase in the use of alternative fuels for the production of grey cement, up to 77% of the total by 2030;
- the reduction of clinker content in cement produced above all through FUTURCEM, the technology patented by the Group, which thanks to the synergy between calcined clay and limestone can provide for a reduction of up to 40% in the quantity of clinker.

In December 2020, the strategies implemented by the Group to mitigate climate change received a "B" rating from the Carbon Disclosure Project (CDP). CDP is a non-profit organisation, widely recognised as the gold standard of environmental transparency, which ranks companies around the world on a scale from a minimum of "F" to a maximum of "A". Rating “B” indicates that the Group is implementing “coordinated actions” on climate change. This result places Cementir among the top players in the cement sector and far above the average, considering the average European and global CDP rating of “C”.

HUMAN RESOURCES

In line with activities carried out in recent years, the Cementir Group has continued striving to make the organisational units that operate around the world more efficient. The organisational model makes use of the use of a management platform (HCM SuccessFactors) that supports and facilitates the process of integration of the various organisational units and allows the various areas to be managed in a coordinated manner, while respecting the specific business and market aspects of each Group company.

During 2020, a standardisation process was launched for the most important organisational structures of the Group (relating to the Plants, Sales and Supply Chain areas) through the definition of a Standard Organisation for each of these structures, which represents the reference model for the Group.

In addition, the digitalisation of core human resources processes, launched in 2019, continued, with the improvement of **human capital** through the implementation of the Performance Management System to introduce a single Performance process management system for 2021.

Changes in workforce and personnel costs

As at 31 December 2020, the Group had a workforce of 2,995 employees, 47 less than at year-end 2019. The change is essentially due to the reduction of 31 employees in Turkey compared to the end of 2019, due to the sale of machinery and equipment relating to the Hereko division operating in the waste management sector. The remaining change is attributable to turnover and hiring processes, which in some Regions/Business Units were limited to mitigate the impact of Covid-19.

Personnel costs are in line with expectations for 2020, with an increase of EUR 3.5 million compared to 2019. The change is essentially due to the inflationary trend in personnel costs in the various countries, the effects of some of the exit agreements and the higher premiums paid to management for positive performance.

Organisation

As of 31 December 2020, the Group's organisational model includes several territorial areas:

• Nordic & Baltic

• North America

• Asia Pacific

•Turkey

• Egypt

• Belgium

and two dedicated business units: Spartan Hive and Waste.

The Holding Company governs these regions and operating companies. The General Manager of the Group is entrusted with overseeing the main operating undertakings of the company, allowing the Group CEO to focus on business activities with a strategic impact, such as mergers and acquisitions.

During the year, some important changes were implemented to strengthen the organisational model to guarantee some key processes and improve overall efficiency of the organisational structures. In particular, Organisation Standards were defined for Plants, the Sales area and the Supply Chain area. The implementation of the standard operating models was piloted in the technical maintenance structure with the "Maintenance 4.0" programme.

The most significant changes related to the Technical Coordination Group function, with the introduction of a central figure dedicated to Safety, Health and the Environment and a function dedicated to Sustainability and Research and Development, central themes in the Group's Strategic Plan. Further changes related to the consolidation of the following functions: management of Group Strategic Projects, Investment Management, Administration, Finance and Control, Sales and Human Resources.

Talent Strategy

To mitigate the impact of Covid-19, the Group revised its strategy, so that a few training and development initiatives planned for 2020 were either carried out remotely or postponed to 2021.

The Group continued to work to attract, retain and develop talent, by promoting a governance model aimed at ensuring constant internal alignment and fruitful collaboration between Corporate and local parties.

Concerning Talent Acquisition, HR Governance provisions were followed up, giving HR full accountability in search and selection processes and improving the partnership with business functions to effectively support the decision-making process. Research – in particular, addressed to Group critical positions - was increasingly looking for international and diverse candidates by origin, background and business culture, as well as for essential skills and experiences enabling the achievement of the Group's strategic objectives.

As part of the strategic CEM 4.0 digitalisation programme, launched in a few of the Group's main cement plants, the OSTA (Organization and Skills Team Assessment) process was used to identify gaps from an organisational point of view as well as in terms of professional and managerial skills and to define targeted actions and initiatives to be included in the local change management plan.

In 2020, the design of the Group Performance Management System (PM) was finalised, which will begin in 2021. The preparatory activities first involved the HR professional family in specific training on the features of the digital platform to support the performance management process. We worked - together with the heads of professional families - on standardising the existing roles in the PM system at global level and on attributing a set of technical skills and soft skills to each role, to be assessed within the process itself. In addition, two online learning paths were launched in the Group's main languages - one for managers and one for employees - to guide people and accompany them towards a cultural change and a constant improvement and development of technical, managerial and organisational skills. Finally, technical training was launched to train people to use the PM platform at different process stages.

In 2020, a Group Talent Review was carried out to identify the talented individuals to be developed through individual plans and initiatives (international mobility, career development in contiguous organisational areas, assignment of coordination of cross-cutting projects or their milestones, etc.) and those of a collective nature (participation in structured leadership development programmes). This review made it possible to update the succession tables for the Group's key positions from the point of view of successors and maturity in filling the position, encouraging paths of professional growth and diversification.

The Cementir Academy continued to support the Group's strategy and the continuous professional development of people, through the design and release of new training and development courses and initiatives.

- 30 emerging talents, selected within the Group to participate in the Group Talent Development Programme (postponed to 2021), were involved in a Development centre made up of an individual online assessment, a structured feedback with the release of an individual report and an individual development plan to be defined together with the hierarchical and functional managers and HR.
- HR, together with *internal subject matter experts*, designed and launched a series of online training courses addressed to all white collars and available in the Group's main languages. We used the microlearning training method, a dynamic and innovative approach based on ease of use in terms of training times and content. Each course uses different educational resources such as videos, tutorials, cartoons, interactive games, e-books, infographics etc.
    - the "GDPR at Cementir Group" course aimed at ensuring staff are up-to-date with that guaranteed by current legislation for personal data protection
    - the "Human Rights at Cementir Group" course aimed at creating an inclusive work environment free from any direct or indirect discrimination
    - the learning path for evaluators (PM: Learning Path for Managers) and the one for those being evaluated (PM: Learning path for employees) as part of the new performance management process to support a new Group approach to performance assessment based on feedback and continuous development and improvement.
- At two different times of the year, HR launched two pilot initiatives, which involved a number of colleagues representing the Group, in trials of two world-leading e-learning platforms for the use of MOOC (Massive Online Open Courses). These trials gave people the opportunity to familiarise themselves with an innovative and continuous learning standard (life-long learning attitude) and to train on various topics by gaining certifications for the educational courses taken. The analysis of the feedback received downstream of the two pilot projects will be important in guiding investments in 2021.

A significant part of the Education Plan developed for 2020 was also postponed to 2021.

Remuneration

In order to comply with the business plan, the 2020 Compensation Policy Guidelines set out challenging performance targets that have guided, monitored and assessed the activities related to the supervision and development of the business, which are crucial to achieving the targets in the Group strategic plan.

In relation to short-term targets, the managerial population focused on economic and financial management, and the correct management of economic and human resources, to avoid negative impacts related to the pandemic. The Cementir 4.0 project as well as the launch of FutureCEM was strongly focused on the Group's strategic objectives. The objectives were defined by applying a cascading process in the different countries, in accordance with the different organisational levels, confirming the Group approach for the short-term incentive scheme.

Particular attention has been paid to the design of annual remuneration policies in terms of selectivity, focusing in particular on the identification of critical human resources as part of a drive to improve their remuneration positioning, taking into account specific labour market conditions, inflation, internal control and monitoring of compliance with internal guidelines and relevant business prospects.

The guidelines on long-term remuneration policy have also been geared towards defining an incentive to strengthen the participation of top managers in improving the Group performance and pursuing the interest of creating value in the medium/long-term.

The 2020 Remuneration Policy remained consistent with the governance model adopted by the Group and the recommendations of the Code of Ethics available on Corporate Website under https://www.cementir holding.com/en/governance/corporate-regulations in order to attract, motivate and retain staff with a high professional profile and to align management interests with the main objective of creating shareholder value in the medium/long-term.

Reference group and market positioning

We offer a remuneration package that is competitive as compared to a relevant labour market, made up of monetary, non-monetary and benefits elements. To define this market, a reference group is created, consisting of companies that are comparable to us in terms of size and complexity, data transparency and geographical area.

Internal communication

In 2020, Internal communication focused mainly on 3 key areas:

- Prevention activities to combat the Covid-19 pandemic with constant information for Holding employees on the safety protocols adopted and the main news on the emergency.
- The action plan from the “Your Voice” climate survey carried out in 2019, both with Group and local communication.
- Health and Safety issues with the publication of the related Group policy and the creation of the Group H&S community to raise awareness among all personnel on this strategic pillar of the business plan.

Further activities were also carried out at Group level both in support of the main projects in place (e.g. Cementir 4.0 digitisation programme) and relating to the Group's performance and for the launch of the new intranet platform for the Group's Turkish companies.

Social Dialogue

The Cementir Group maintains constant and structured dialogue with European workers' representatives in its companies, in accordance with EU regulations and the protocol adopted by the **European Works Committee** (EWC) of the Cementir Group.

During the year, management informed and set up discussions with employees and unions on transnational issues concerning the status of activities and significant decisions taken by the Group in relation to the business and its employees.

Representatives from Belgium, Denmark and Norway took part in the meetings held exceptionally via videoconference due to the Covid-19 pandemic, for which the existing contract was integrated. There was a particular focus on the pandemic preventive measures adopted by the individual legal entities in compliance with local regulations.

Trade unions also appreciated the company strategies aimed both at managing the pandemic and at work safety issues.

RISKS AND UNCERTAINTIES

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Cementir Group's Internal Control and Risk Management System is defined as the set of tools, organisational structure, procedures and company rules to guarantee, through an adequate process of identification, measurement, management and monitoring of the main risks, correct and consistent business management with objectives set in terms of:

- compliance with laws and regulations;
- safeguarding of corporate assets;
- operating activity effectiveness and efficiency;
- reporting accuracy and completeness.

The Internal Control and Risk Management System ensures that:

- all the main risks that might threaten the achievement of the Group's objectives are identified, understood and visible to management throughout the Group, as well as to the Board of Directors;
- these risks are assessed by identifying their impact and their probability according to standard and uniform criteria;
- reasonable measures are taken – including in terms of the cost/benefit ratio – to control risks that could threaten the organisation's assets, ability to generate income or the achievement of operational objectives.

Risk management roles and responsibilities have been defined, starting from the company's Board of Directors which defines the strategy, policy and risk appetite, supported by the Audit Committee, and involving the management of the Group companies who are responsible for risk management within their area of responsibility.

The Cementir Group's Internal Control and Risk Management System is integrated into the Group's organisational, administrative, accounting and governance structure and has been prepared on the basis of the principles laid down by the Enterprise Risk Management - Integrated Framework, an international standard developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report), also ensuring greater detail for the risks of the companies and Group and integration with the results of the Audit activities. The methodology followed involves an iterative process consisting of the following steps:

- Risk identification: risks are identified with a two-pronged approach; Top down (risks identified on the basis of best practice and evidence emerging from the Internal Audit activities) and bottom up (the manager of each area reports specific risks that could hinder the achievement of targets set for their activities);
- Risk assessment: for each identified risk, management gives an inherent risk assessment (in the absence of controls / mitigation actions), in terms of probability and impact on the activity, using a 5-level assessment system (scoring). In terms of impact, three parameters are considered: economic (quantitative), operational (qualitative), reputational (qualitative);
- Identification and assessment of the adequacy of existing controls: for each identified risk, all the current controls / actions in place for risk mitigation are identified with management;
- Residual risk assessment: taking into account the individual controls for each risk and the relative adequacy, the residual risk is calculated by applying a uniform calculation methodology to all Group companies;
- Identification of further actions: in the event that the residual risk is higher than the level of risk appetite defined by management, further actions are agreed with management to mitigate the risk and contain

it within acceptable levels. The initiatives are taken promptly and within budget limits, to effectively contribute to risk mitigation;

- Reporting: reports are prepared at company and Group level, showing the main risks and initiatives taken by management to reduce the risks to acceptable levels;
- Monitoring: periodic review for: existing risk assessments, assessment parameters and new risks to be identified if necessary.

The model, as described, subject to further and future updates, aims to provide support for the decision-making and operational processes of the company management, so as to reduce the possibility that specific events could compromise the Group's ordinary operations or the achievement of its strategic objectives.

To this end, the risk appetite level adopted in relation to strategic risks is consistent with the vision of creating value and maintaining market uniqueness, while always respecting the environment and promoting integration with local communities. In relation to operational risks, the risk appetite level is defined on the basis of the effectiveness and efficiency targets set by the management.

Provisions for compliance and financial reporting are different. The Group does not accept an assumption of non-compliance risk for laws and regulations (including those relating to safety), and of possible alterations to the integrity of financial reporting.

The Cementir Group's Internal Control and Risk Management System is integrated with the Group's Sustainability Strategy. For this purpose, a dedicated section has been added, in which specific risks relating to the achievement of the objectives and targets defined in the sustainability strategy are mapped and assessed. These risks are highlighted and are the subject of a separate report for the Audit Committee. The Internal Audit function carries out follow-up activities on the implementation of actions defined by management to mitigate risks.

In relation to accounting and financial reporting, the existing Internal Control System ensures its accuracy and completeness through constantly updated administrative and accounting procedures.

Furthermore, as part of the compliance activities with the COSO structure, during the year, the Internal Audit function carries out audit activities on the aforementioned procedures to ascertain that the provided key controls are being correctly applied by the involved company structures. The assessment of the internal control system on financial reporting provided for by Cementir Group procedures was carried out based on this activity.

On the basis of the activity carried out by the Internal Audit department and the related results, the Audit Committee assessed the Internal Control and Risk Management System as adequate, effective and appropriate for dealing with business, operational, financial and compliance risks.

MAIN RISKS TO WHICH THE GROUP IS EXPOSED

Risk of loss of market share and/or margin

This risk relates to competitive dynamics and, in some geographical markets, may be combined with an economic downturn. To mitigate this risk, the Group companies analyse the relevant markets and plan initiatives to improve their ability to interpret market dynamics and trends, improving the services offered to customers and increasing the portfolio of products placed on the market with more sustainable solutions for the environment.

Energy risk

The cost of energy factors and in particular of petroleum coke and electricity, which account for a significant portion of Group variable production costs, may be subject to significant fluctuations. The Group carefully monitors energy market trends and inventories of the various goods needed for production and continuously seeks the best supply conditions to meet its needs. Furthermore, the Group aims to increase the use of alternative fuels within the production process to reduce the energy risk deriving from the use of fossil fuels.

Risk of slowdown in demand due to the evolution of the Covid-19 pandemic

The Covid-19 pandemic, which affected all sectors in 2020, has resulted in lower sales demand for the cement industry, resulting in overcapacity. It is difficult to predict further effects of the pandemic on the Group in the future as they are linked to the evolution of the health situation in each country in which the Group operates and the consequent health, social and economic measures that the governments concerned will put in place (e.g. lockdowns). To mitigate potential risks, the Group constantly monitors local emergency plans to deal with the medical/health risk on one hand and, on the other, follows the consequent evolution of financial and economic data in close collaboration with local management, to be able to intervene promptly with coordinated actions, including "cross-countries".

Risk related to licences and permits to operate

This risk is related both to future renewals and to the possible increase in the costs of existing licences. The risk is mitigated through careful monitoring of permits and licenses and by evaluating alternative permits and/or supplies, taking suitable decisions on a case-by-case basis.

Risk of non-availability of raw materials

The production of cement and ready-mixed concrete requires the use of raw materials such as blast-furnace slag and fly ash (two by-products respectively of coal-fired power plants and steel mills whose production is destined to decrease significantly). To mitigate this risk, we make the necessary long-term contractual arrangements with suppliers to ensure adequate long-term supply.

Risks connected to climate change

The cement production process is associated with environmental impacts in terms of atmospheric emissions, mainly carbon dioxide, dust and nitrogen and sulphur oxides. In European countries where the Group operates, there is a risk posed by governmental decisions on emissions and fluctuations in the price of CO_2 emission quotas, especially in the medium to long-term. The Group has recently launched a sustainability strategy, setting emission reduction targets and establishing specific short-, medium and long-term action plans (including specific investments) to achieve these targets. Further details on the Group's sustainability strategy are reported in the Non-Financial Statement.

Health and safety risks

This relates to the risk of accidents involving people working in Group facilities. The Group monitors workers' safety performance through specific indicators and takes actions to reduce this risk, such as targeted investments as well as safety training and information. Information on these actions and safety performance is provided in greater detail in the Non-Financial Statement.

Compliance risks

These are risks related to compliance with applicable regulations (antitrust, anti-corruption, GDPR, Legislative Decree 231/2001). In relation to these risks, the Legal Department implements targeted programmes with guidelines, procedures and training to ensure compliance with the above regulations. The Organisation and Control Models required under Legislative Decree 231/2001 are periodically updated.

The Internal Audit function carries out specific audits on compliance with regulations.

Fraud Risk

The fraud risk is related to any intentional misconduct designed by one or more members of Management, other employees or third parties, to evade detection and obtain undue advantages. Fraud, both in the case of false financial information and the unlawful appropriation of company assets and activities, implies the existence of incentives or pressures to commit it and the perception of an opportunity to perpetrate it.

The exposure to potential fraud risks are duly analysed during the risk assessment carried out by the Internal Audit for the preparation of the Audit Plan. During the analysis, the allegation received by the whistleblowing channels, the fraud detected in the last 12 months during the audit activity and any additional risks to which the company is exposed (for example the perception of corruption in the country where the Group is located, strong competition or market saturation) are taken into consideration.

The Internal Audit department discuss findings with the company's management which defines proper action plans to mitigate the risk identified. A quarterly monitoring activity is carried out on the action plans to identify their implementation status. For audits that have scored as "weak", specific follow-up audit are carried out locally in order to verify the effectiveness implementation of the actions agreed.

FINANCIAL RISK MANAGEMENT AND INFORMATION RELATING TO FINANCIAL INSTRUMENTS

The Cementir Holding Group is exposed to financial risks in connection with its operations; in particular to credit risk, liquidity risk and market risk.

Credit risk

Credit risk is related to possible losses that can occur if a counterparty fails to fulfil its obligations.

Credit risk could mainly derive from operating activities, in particular trade receivables from customers. The Cementir Group has entrusted local management with the regular management of trade receivables on the basis of specific policies that define the criteria for credit limits, achievement guarantees and payment conditions. Credit limits are generally defined for each customer after a risk analysis provided by external rating agencies and are periodically reviewed. Based on these policies, any order that exceeds the agreed credit limits must be reviewed and individually approved for creditworthiness.

With respect to bank deposits and derivatives, the Group has always worked with leading counterparties, thus limiting its credit risks in this sense.

All customers are monitored locally, based on their individual features, including their business, distribution channel, geographical position and any previous financial difficulties. Credit risk is regularly monitored through performance analysis of specific indicators based on variables such as total trade receivables and past due receivables.

Local Credit Risk Committees periodical meetings, at local level, analyse and discuss the Group’s companies ageing, credit performance and any specific critical issues.

The Cementir Group establishes provisions for trade receivables, to cover potential losses, on the basis of regular follow-ups on customer situations.

Liquidity risk

The Group is exposed to liquidity risk in relation to the availability of financing and its access to credit markets and financial instruments in general. Given the Group's strong financial position and available credit lines, this risk is remote. However, the Group manages liquidity risk by carefully monitoring cash flows and financing needs. There is a particular focus on the Group's management to increase operating cash flow and control investments in both plant and equipment, both intangible and property, obviously safeguarding those required for the technical development and efficiency of the production plants with assigned cash generation objectives for all Group entities. Existing credit lines are however deemed adequate to meet any unexpected needs. Furthermore, as reported on the section covering the Business Plan approved by Group Board, it planned to be in a positive cash position at the end of 2022.

Market risk

Market risk is mainly linked to exchange rate and interest rate fluctuations.

Exchange rate risks are systematically monitored at Group level to assess any impact in advance and take the necessary mitigation actions. Since the purpose is to limit exchange rate risks, when a currency exposure is identified and the decision to hedge it is made, forward rate agreements are finalised with the banking system in both the "Non-deliverable forward rate agreement" and "Deliverable forward rate agreement" formats. Financial instruments must be used exclusively for hedging purposes and must not be traded, where trading is defined as taking positions where the Group does not have a natural underlying exposure.

Finally, the Cementir Group has variable rate bank loans and is exposed to the risk of **interest rate fluctuations**. However, this risk is considered moderate since the loans are currently only in Euros and the Danish krone and the medium/long-term rate curve is linear. However, the Cementir Group monitors interest rates and expected times for the repayment of the debt and purchases interest rate swaps as a partial hedge of the interest rate risk. Given that the current loan was finalised in the past, to limit exposure to interest rate fluctuations, appropriate interest rate swaps were finalised in the years prior to 2019.

For information on financial risks, please refer to notes 13) and 32) of the consolidated financial statements.

CORPORATE GOVERNANCE

INTRODUCTION

As of 5 October 2019, Cementir Holding is a Dutch public limited company *(Naamloze Vennootschap)* with its registered office in Amsterdam, the Netherlands Zuidplein 36, 1077 XV and a secondary and operational office in Rome, Italy, at Corso di Francia No. 200.

The company's tax residence is in Italy.

The company has been listed on the STAR segment of the Milan Stock Exchange since 1955.

Cementir Holding has elected the Netherlands as home Member State for the purposes of Art. 2(1) of the Directive 2004/109/EC of the European Parliament and the Council of 15 December 2004 (the so-called "Transparency Directive").

The Company applies the Dutch Corporate Governance Code (hereinafter the "Code") whose purpose is to facilitate, with or in relation to other laws and regulations, a sound and transparent system of checks and balances within Dutch listed companies and, to that end, to regulate relations between the Board of Directors, its Committees and shareholders.

It is to be noted that the provisions of the Code primarily refer to companies with a two-tier board structure (consisting of a management board and a separate supervisory board), while Cementir Holding has implemented a one-tier board. The best practices reflected in the Code for supervisory board members apply therefore by analogy to Non-Executive Directors.

The current version of the Code, effective starting from 1 January 2017, is available for download at the following address: *www.mccg.nl* (*www.mccg.nl/english* for the unofficial English version).

BOARD OF DIRECTORS

Composition and nomination of the Board of Directors

In compliance with the Company's Articles of Association (hereinafter the "Articles of Association"), the Board of Directors may be made up of one or more Executive Directors and one or more Non-Executive Directors, providing that the total number of Directors is at least five and at most fifteen. The Extraordinary Shareholders' Meeting held on 28 June 2019 resolved, among other things, that the Company, after the transfer of the registered office to the Netherlands, would continue to be managed by the Board of Directors up to that time in office until the end of the Company Shareholders' Meeting convened to approve the financial statements as at 31 December 2019. The Shareholders' Meeting of 20 April 2020, convened for this purpose, resolved, inter alia, on the appointment and composition of the Board of Directors expiring on that date in accordance with the provisions of the Articles of Association set out below.

The Board of Directors is currently made up of one Executive Director (Francesco Caltagirone, Chief Executive Officer or "CEO") and eight Non-Executive Directors (Alessandro Caltagirone and Azzurra Caltagirone, Vice Chairmen; Paolo Di Benedetto, Senior Non-Executive Director; Edoardo Caltagirone, Saverio Caltagirone, Fabio Corsico, Veronica De Romanis and Chiara Mancini).

Directors are appointed by the General Shareholders' Meeting. Directors can only be nominated for appointment pursuant:

a) to a proposal of the Board; or

b) to a proposal of one or more Shareholders, alone or together representing at least the 3% of the issued share capital, provided that the proposal has been notified to the Board in accordance with the requirements of Articles 8.3.4 and 8.3.5 of the Articles of Association.

The nomination must state whether a person is nominated for appointment as Executive Director or Non-Executive Director. A Director shall be appointed for a maximum period of three years, provided however that unless such Director has resigned at an earlier date, their term of office shall expire ultimately immediately after the close of the first Shareholders' Meeting held after three years have lapsed since their appointment. A Director may be reappointed with due observance of the preceding sentence. By resolution of the Shareholders' Meeting at the proposal of the Board, the maximum period of three years may be deviated from. The Board may draw up a retirement schedule for the Directors. At a Shareholders' Meeting, a resolution to appoint a Director can only be passed in respect of candidates whose names are stated for that purpose in the agenda of that Shareholders' Meeting or the explanatory notes thereto. The Shareholders' Meeting may at all times suspend or dismiss a Director.

Convening meetings and agenda

Meetings are held as often as the Senior Non-Executive Director or the Chief Executive Officer or any two Directors jointly request, provided that there are at least four regularly scheduled Board meetings in each financial year.

Meetings are convened in a timely manner by the Senior Non-Executive Director, the Chief Executive Officer or the Vice-Chairman, or if each of them is absent or unable to act, by any Director. The notice sets out the meeting agenda. The Director convening a meeting sets the agenda for that meeting. Directors may submit agenda items to the Director(s) convening the meeting.

Meeting location

Meetings are normally held at the Company's secondary offices in Rome, Italy, but may also take place elsewhere.

Meetings may also be held by telephone, videoconference, or electronic communication, provided that all participants can hear each other simultaneously. Directors attending the meeting by telephone or videoconference are considered present at the meeting.

Attendance

Each Director attends Board meetings and the meetings of the committees of which he or she is a member. If a Director is frequently absent from these meetings, this Director must account for these absences.

A Director may be represented at a meeting by another Director holding a proxy in writing or in a reproducible manner by electronic means of communication.

The Board may require that certain officers and external advisers attend its meetings.

The external auditor may attend the Board meeting at which the external auditor's report on the audit of the financial statements is discussed.

Chairman of the meeting

The Chief Executive Officer chairs the meeting. If the Chief Executive Officer is not present at the meeting, the Senior Non-Executive Director chairs the meeting. If both the Chief Executive Officer and the Senior Non-

Executive Director are not present at a meeting, the Vice-Chairman chairs the meeting. If the Chief Executive Officer, the Senior Non-Executive Officer and the Vice-Chairman are not present at the meeting, the Directors present at the meeting will designate one of them as chairman of that meeting.

Adoption of resolutions - quorum requirements

The Board may only adopt resolutions at a meeting if the majority of the Directors entitled to vote is present or represented at the meeting including at least one Executive Director, if the Executive Director is entitled to vote on matters being considered.

If the Chief Executive Officer believes there is an urgent situation that requires the Board’s immediate resolution, the quorum requirement referred as above not apply, providing that:

(a) at least three Directors entitled to vote are present or represented at the meeting including at least one Executive Director, if the Executive Director is entitled to vote on matters being considered; and

(b) reasonable efforts have been made to involve the other Directors in the decision-making.

The chairman of the meeting ensures that adopted resolutions are communicated to Directors not present at the meeting without delay.

Adoption of resolutions - majority requirements

Each Director has one vote. Where possible, the Board adopts its resolutions by unanimous vote. If this is not possible, the resolution is adopted by a simple majority of the votes cast. In the event of a tie vote the Chief Executive Officer has a casting vote. If there is insufficient agreement on a proposed resolution during the meeting, the chairman of the meeting may defer the proposal for further discussion or withdraw the proposal.

Meeting minutes

The Company Secretary or any other person designated as the meeting secretary prepares the meeting minutes. The minutes are adopted:

(a) by a resolution adopted at the next Board meeting; or

(b) by the chairman and secretary of the particular meeting, after having consulted the Directors present or represented at that meeting.

Adopting resolutions without holding a meeting

The Board may also adopt resolutions without holding a meeting, provided that such resolutions are adopted in writing or in a reproducible manner by electronic means of communication, and all Directors entitled to vote consented to adopting such resolutions without holding a meeting.

Role of the Board of Directors

The Board of Directors is responsible for the overall conduct of the Cementir Group and has the powers, authorities and duties vested in it by and pursuant to the relevant laws of the Netherlands and the Articles of Association. In all its dealings, the Board shall be guided by the interests of the Cementir Group as a whole, including but not limited to the Company’s shareholders. The Board has the final responsibility for the management, direction and performance of the Company and the Cementir Group.

Pursuant to Art. 7.5.1 of the Articles of Association the Board is authorised to represent the Company.

The Board has allocated duties and powers to the Directors by Board Rules approved pursuant to Art. 7.1.5 of the Company's Articles of Association on 5 October 2019 and subsequently amended on 24 April 2020, which are available on the Company's website.

Without limiting the scope of the Board's role, the ongoing items to be considered and decided upon by the full Board include:

a) reviewing and approving (any material amendment to) the business plan;

b) reviewing and approving (any material amendment to) the Budget;

c) ensuring the Cementir Group's compliance with applicable laws and regulations;

d) proposing the Dutch statutory management report and financial statements for adoption by the General Shareholders' Meeting;

e) approving decisions as required by Dutch law; and

f) discussing and approving the strategies for the shaping of the portfolio and direction of the Cementir Group, including the strategy for realising long-term value creation.

At least once a year, the full Board shall discuss:

a) the functioning of the Board, the Chief Executive Officer, the Senior Non-Executive Director and the other Directors, and the conclusions to be drawn on the basis of this; and

b) the corporate strategy of the Cementir Group, the risks of the business and the assessment by the Board of the structure and operation of the internal risk management and control systems.

The Board of Directors will further consider and decide upon the following:

(a) proposing to suspend any Director and suspending any of the Executive Directors, without the Director concerned being present;

(b) the creation or discontinuation of any material business activities;

(c) proposing or resolving, as the case may be, to declare or pay any dividends or other distributions to shareholders (other than to a member of the Cementir Group) or repurchase or redeem securities or indebtedness of any member of the Cementir Group (other than if held by a member of the Cementir Group);

(d) proposing or resolving, as the case may be, to change the external auditors of the Company to audit the Company's Dutch statutory annual accounts;

(e) proposing or resolving, as the case may be, to liquidate, initiate any bankruptcy, dissolution or winding up proceedings, moratorium or suspension of payments (or any similar proceedings in the relevant jurisdiction) in respect of the Company or any significant Cementir Group company, unless Directors are required to do so by applicable law;

(f) recommending a public offer for shares in the Company;

(g) granting any pledge, lien, security interest or other encumbrance on any material asset or property of the Cementir Group with a value in excess of 10% of the total assets of the Cementir Group, except in accordance with the existing financing covenants or the Budget and except where it concerns an intercompany pledge, lien, security interest or other encumbrance; and

(h) entering into any derivatives, foreign exchange contracts, swaps, options or similar financial instruments, except in accordance with a foreign exchange risk management or hedging program approved by the Audit Committee.

The table below shows the personal information of each Director holding a position in Cementir Holding during 2020 in compliance with the provision in 2.1.2 of the Code. The "Other Positions" pursuant to provision 2.4.2 of the Code can be found in the Curriculum Vitae of each Director, available on the Company's website https://www.cementirholding.com/en/governance/corporate-bodies/board-directors.

Table A - Personal Information

Name, date of birth, gender, nationality	Position	First appointment	Date of current appointment or reappointment	End of current term
Francesco Caltagirone 29/10/1968, M, Italian	Executive Director (*Chief Executive Officer and Chairman*)	27 June 1995	20 April 2020	AGM 2023
Alessandro Caltagirone 27/12/1969, M, Italian	Non-Executive Director (*Vice-Chairman*)	10 May 2006	20 April 2020	AGM 2023
Azzurra Caltagirone 10/03/1973, F, Italian	Non-Executive Director (*Vice-Chairman*)	10 May 2006	20 April 2020	AGM 2023
Paolo Di Benedetto 21/10/1947, M, Italian	Senior Non-Executive Director	18 April 2012	20 April 2020	AGM 2023
Edoardo Caltagirone 12/04/1944, M, Italian	Non-Executive Director	27 June 1992	20 April 2020	AGM 2023
Saverio Caltagirone 03/03/1971, M, Italian	Non-Executive Director	22 May 2003	20 April 2020	AGM 2023
Fabio Corsico 20/10/1973, M, Italian	Non-Executive Director	15 January 2008	20 April 2020	AGM 2023
Veronica De Romanis 31/03/1969, F, Italian	Non-Executive Director	21 April 2015	20 April 2020	AGM 2023
Chiara Mancini 20/11/1972, F, Italian	Non-Executive Director	21 April 2015	20 April 2020	AGM 2023
DIRECTORS WHO LEFT THE OFFICE DURING THE PERIOD				
Mario Delfini 19/04/1940, M, Italian	Non-Executive Director	27 June 1992	5 October 2019	20 April 2020
Adriana Lamberto Floristan 11/09/1973, F, Spanish	Non-Executive Director	19 April 2018	5 October 2019	20 April 2020
Roberta Neri 08/08/1964, F, Italian	Non-Executive Director	19 April 2017	5 October 2019	20 April 2020

Three Non-Executive Directors of the Company are qualified as independent for the purposes of the Code: Veronica De Romanis, Paolo Di Benedetto and Chiara Mancini.

During 2020, 5 meetings of the Board of Directors were held, in which the Board of Directors, among other things:

- examined and approved the preliminary consolidated results as at 31 December 2019;

- examined and approved the draft financial statements for the year ended 31 December 2019 and the Directors' Report and also approved the Cementir Holding Group's non-financial statement pursuant to Dutch law ("***Besluit bekendmaking niet-financiële informatie"),*** the Corporate Governance Report pursuant to the Code and the Remuneration Report pursuant to the Code and Articles 2:135(a) et seq. of the Dutch Civil Code;
- examined and approved the Group financial results on a quarterly basis;
- examined the work carried out in 2019 by the Audit Committee and the Ethics Committee;
- reviewed the performance and procedures of the Board itself and its Committees, assessing their size and composition, also in consideration of professional experience, management expertise, gender.

The table below shows the attendance of each Director to the board meetings and also the attendance of the members to the Audit Committee and Nomination and Remuneration Committee meetings.

Table B - Attendance

Director	Board of Directors	Audit Committee	Remuneration and Nomination Committee
Francesco Caltagirone	4/5	N/A	N/A
Alessandro Caltagirone	4/5	N/A	N/A
Azzurra Caltagirone	5/5	N/A	N/A
Edoardo Caltagirone	5/5	N/A	N/A
Saverio Caltagirone	5/5	N/A	N/A
Fabio Corsico	4/5	N/A	N/A
Veronica De Romanis	5/5	4/4	2/2
Paolo Di Benedetto	4/5	3/4	2/2
Chiara Mancini	5/5	3/4	1/2
Mario Delfini*	2/2	1/1	1/1
Adriana Lamberto Floristan*	2/2	0/1	N/A
Roberta Neri*	2/2	N/A	N/A

* with reference to meetings during the term in office

Furthermore, the Board of Directors adopted 7 written resolutions relating to: conferment of offices and powers within the Board, with the consequent updating of the Board Rules including the annexes; establishment of the wholly owned subsidiary Aalborg Portland Digital s.r.l. with sole shareholder and its subsequent intercompany sale; renewal of the 2020-2024 Long-Term Incentive plan; updating of the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001; implementation of a buy-back plan.

EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

The Executive Director is responsible for the ordinary and extraordinary management of the Company with the widest powers to the maximum extent permitted by the applicable law, developing and setting the Company's objectives and strategy, overseeing the associated risk profile and addressing corporate social responsibility issues that are relevant to the Company.

The Executive Director also discusses the effectiveness of the design and operation of the internal risk management and control systems with the Audit Committee and render account of this to the Board.

Only one Executive Director has been appointed and he is also automatically Chief Executive Officer and Chairman pursuant to Art. 2.3.4 of the Company's Board Rules and Art. 7.1.2 of the Articles of Association.

The Chief Executive Officer is primarily responsible for the day-to-day management of the Company with each and every power of ordinary and extraordinary administration of the Company, to the maximum extent permitted by applicable law, including, without limitation, the following tasks and responsibilities:

a) the operational management of the Company;

b) the profit responsibility of the Company and the Cementir Group's enterprises;

c) setting performance targets for the Cementir Group;

d) managing the business performance of the Cementir Group;

e) examining, analysing and proposing to the Board strategic business opportunities that can contribute to the further growth of the Cementir Group;

f) compliance with all relevant laws and regulations, the Articles of Association and good corporate governance practice;

g) executing the decisions of the Board;

h) determining the objectives to be achieved by the Board;

i) communicating with all relevant stakeholders of the Company, the media and the public; and

j) preparing the Company's annual accounts as referred to in Art. 2: 361 BW.

Pursuant to Art. 7.5.1 of the Articles of Association the Chief Executive Officer is authorised to represent the Company.

The Executive Directors can be appointed for a maximum term of three years and can thereafter be reappointed, with due observance of the Articles of Association.

In accordance with Art. 7.2.8 of the Articles of Association and Art. 2.6 of the Board Rules, if the seat of the Executive Director is vacant or he is unable to act, the Non-Executive Directors will temporarily be entrusted with the executive management of the Company, unless the Board provides for a temporary replacement.

SENIOR NON-EXECUTIVE DIRECTOR AND VICE-CHAIRMAN

The Senior Non-Executive Director is primarily responsible for ensuring that:

a) there is sufficient time for deliberation and decision-making by the Board;

b) the Directors receive all information that is necessary for the proper performance of their duties in a timely fashion;

c) the Board and its committees function properly;

d) the Board designates one of the Non-Executive Directors as Vice-Chairman;

e) the performance of the Directors is assessed at least annually:

f) the Directors follow their introduction programme, education or training programme;

g) the Board performs activities in respect of culture;

h) signs from the Business are recognised and any actual or suspected material misconduct and irregularities are reported to the Board without delay; and

i) effective communication with shareholders is assured.

Anyone who previously held the office of Executive Director cannot hold the position of Senior Non-Executive Director.

The Senior Non-Executive Director must be independent pursuant to provision 2.1.8 of the Code and cannot be chairman of the Audit Committee or the Remuneration and Nomination Committee.

The Board of Directors of 24 April 2020, following the appointment of the Board of Directors with the Shareholders' Meeting resolution of 20 April 2020, appointed the Non-Executive Director Paolo Di Benedetto as Senior Non-Executive Director with the role of chairing the Board of Directors pursuant to Dutch law, in compliance with principle 2.1.9 of the Code and in compliance with the Articles of Association and Art. 2.3.7 of the Board Rules.

The Vice-Chairman deputises for the Senior Non-Executive Director in the event that the position of Senior Non-Executive Director is vacant or if the Senior Non-Executive Director is unable to act.

The Vice-Chairman shall act as point of contact for Directors concerning the functioning of the Senior Non-Executive Director.

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors supervise the Executive Director's policy and performance of duties, the Company's general affairs and its business and render advice to the Executive Director.

The Executive Director timely provide the Non-Executive Directors with the information they need to carry out their duties.

Non-Executive Directors supervise at least the following key elements:

(a) developing a general strategy, including the strategy for realising long-term value creation, and taking into account risks connected to the Cementir Group's business activities;

(b) ensuring compliance with all relevant laws and regulations, the Articles of Association and good corporate governance practice;

(c) satisfying the integrity of financial information and ensuring the appropriateness of financial controls and risk management systems; and

(d) reviewing the performance of the Board as a whole, each Director individually, and the committees of the Board.

A Non-Executive Director can be appointed for a maximum term of three years and can thereafter be reappointed, with due observance of the Articles of Association. In accordance with Art. 7.2.9 of the Articles of Association, if the seat of a Non-Executive Director is vacant or upon the inability of a Non-Executive Director to act, the remaining Non-Executive Director or Non-Executive Directors shall temporarily be entrusted with the performance of the duties and the exercise of the authorities of that Non-Executive Director; provided that the Board may, however, provide for a temporary replacement. If the seats of all Non-Executive Directors are vacant or upon inability of all Non-Executive Directors to act or the sole Non-Executive Director, as the case may be, the Shareholders' Meeting shall be authorised to temporarily entrust the performance of the duties and the exercise of the authorities of Non-Executive Directors to one or more other individuals. The Board may entrust one or more Non-Executive Directors to execute a resolution made by the Baord with all necessary powers, including the right to sub-delegate, without prejudice to their duties and responsibilities.

Non-Executive Directors scheduled the yearly meeting recommended by Best Practice provisions of the Code prior to the Board meeting of 9 March 2021.

DIVERSITY POLICY

The current Board Rules, including the Board Profile, were approved by the Company's Board of Directors on 24 April 2020. On 13 November 2019, the Board of Directors of the Company reviewed the Diversity Policy that sets out the rules regarding the diversity of the composition of the Board of Directors. The Diversity Policy and the Board Profile are both available on the Company's website pursuant to provision 2.1.5 of the Code.

The Board of Directors acknowledges the importance of diversity among all individuals who are working for the Company. The Board of Directors should have a diversified composition, bringing along a well-balanced decision-making process and proper functioning of the respective boards. The purpose of this Diversity Policy is therefore to lay down the aspects and objectives of diversity within the Company and the intended implementation and reporting on it.

Cementir has the objective to achieve diversity within the Board of Directors, more specifically Cementir would seek to:

(a) increase the gender diversity so that at least 30% of the Board of Directors together consists of men and at least 30% of the Board of Directors consists of women;

(b) increase the nationality and age diversity as well as creating and maintaining a variation in education and experience within the Board of Directors.

The Board of Directors of the Company currently substantially meets both the above objectives, with the sole exception of the requirement of diversity of nationality, as also shown in the CVs of the directors.

In particular, the Board has implemented the target female/male ratio as it is currently formed of 3 women and 6 men, with the gender less represented totalling about 34% of the members. It also respects rules on diversity of age, education and experience.

This Diversity Policy and its implementation will be reviewed on a regular basis and may be amended if deemed necessary by the Board of Directors or else in compliance with the Group policy setting the rules for updating Company’s procedures and having obtained the required approvals.

CONFLICT OF INTEREST

Any conflict of interest between the Company and Directors must be prevented. The Board is responsible for dealing with any conflicts of interest that Directors or majority shareholders may have in relation to the Company.

Directors must be alert to conflicts of interest and may not:

(a) compete with the Company;

(b) demand or accept substantial gifts from the Company for themselves or their spouse, recognised partner or other life companion, foster child or relative by blood or marriage up to the second degree;

(c) provide unjustified advantages to third parties at the Company’s expense; or

(d) take advantage of business opportunities that the Company is entitled to, for themselves or for their spouse, recognised partner or other life companion, foster child or relative by blood or marriage up to the second degree.

A Director other than the Senior Non-Executive Director or Vice-Chairman must, without delay, report any conflict of interest or potential conflict of interest to the Senior Non-Executive Director, or in the Senior Non-Executive Director's absence, the Vice-Chairman. The Senior Non-Executive Director must, without delay, report any conflict of interest or potential conflict of interest to the Vice-Chairman or, in the Vice-Chairman's absence, to the other Directors. The Vice-Chairman must, without delay, report any conflict of interest or potential conflict of interest to the Senior Non-Executive Director or, in the Senior Non-Executive Director's absence, to the other Directors. The Director must provide all relevant information, including any relevant information concerning his or her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree.

The Board decides whether a Director has a conflict of interest, without the Director concerned being present.

A Director may not participate in the Board's or a committee's deliberations and decision-making process on a subject where the Director is found to have a conflict of interest. This rule doesn't apply when the entire Board is unable to adopt a resolution as a result of all Directors being unable to participate in the deliberations and decision-making process due to a conflict of interest.

During 2020 no transactions in conflict of interest with Directors and/or majority shareholders were reported or took place.

BOARD COMMITTEES

Audit Committee

By means of the resolution adopted on 24 April 2020, the Board of Directors appointed the Audit Committee. The duties and the responsibilities of the Audit Committee are set out in the related charter (published on the Company website) adopted by the Board of Director again on 24 April 2020, pursuant to Art. 7.1.4 of the Articles of Association.

The Audit Committee consists of three members: 1. Veronica De Romanis (chairman, expert in financial reporting), 2. Paolo Di Benedetto, 3. Chiara Mancini.

All members of the Audit Committee are independent pursuant to provision 2.1.8 of the Code.

The Audit Committee prepares the decision-making of the Board regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems.

The Audit Committee focuses on monitoring the Board of Directors, among others, in the following matters:

(a) relations with the internal and external auditors, and compliance with and follow-up on their recommendations and comments.

    The internal audit function has sufficient resources to execute the internal audit plan and has access to information that is important for the performance of its work. The internal audit function has direct access to the Audit Committee and the external auditor. Records are kept of how the Audit Committee is informed by the internal audit function.

    The internal audit function reports its audit results to the Board and the essence of its audit results to the Audit Committee and informs the external auditor. The findings of the internal audit function include the following:

    (i) any flaws in the effectiveness of the internal risk management and control systems;

    (ii) any findings and observations with a material impact on the risk profile of the Business; and

    (iii) any failings in the follow-up of recommendations made by the internal audit function.

(b) the Company's funding;
(c) the application of information and communication technology by the Company, including risks relating to cybersecurity; and
(d) the Company's tax policy.

In addition, the Audit Committee carries out the following duties:

(a) recommending persons for appointment as senior internal auditor;
(b) annually forming a position on how the internal audit function fulfils its responsibility.

The Board discusses the effectiveness of the design and operation of the internal risk management and control systems referred to in Best Practice provisions 1.2.1 through 1.2.3 of the Code with the Audit Committee.

(c) if the Company does not have an internal audit department, recommending annually to the Board whether adequate alternative measures have been taken. The Board includes the conclusions, along with any resulting recommendations and alternative measures, in the Board's report;
(d) reporting annually to the Board on the functioning of, and the developments in, the relationship with the external auditor.

The Audit Committee advises the Board regarding the external auditor's nomination for appointment/reappointment or dismissal and prepares the selection of the external auditor. The Audit Committee gives due consideration to the Board's observations during this process. Based on this, among other things, the Board determines its nomination for the appointment of the external auditor to the General Meeting;

(e) submitting a proposal to the Board for the external auditor's engagement to audit the financial statements.

The Board plays a facilitating role in this process. In formulating the terms of engagement, attention is paid to the scope of the audit, the materiality to be used and the remuneration for the audit. The Board takes the decision on the engagement.

If a new external auditor is to be engaged by the Company the Audit Committee motivates the proposal. The proposal states at least two options for a possible external auditor to be engaged by the Company and explains the Audit Committee's preferred option. The proposal furthermore states that the decision-making of the Audit Committee in this regard is not influenced by any third party or by any agreement;

(f) annually discussing the draft audit plan with the external auditor, including:

    (iv) the scope and materiality of the audit plan and the principal risks of the annual reporting identified by the external auditor in the audit plan; and

    (v) based also on the documents used to develop the audit plan, the findings and outcome of the audit work carried out on the financial statements and the management letter;

(g) determining whether and, if so, how the external auditor is involved in the content and publication of financial reports other than the financial statements; and
(h) meeting with the external auditor as often as it considers necessary, but at least once a year, without Executive Directors being present.

The Audit Committee also carries out the following duties:

(a) monitoring the financial reporting process and drawing up proposals to safeguard the integrity of this process;
(b) monitoring the effectiveness of the internal control systems, the internal audit function and risk management systems with regard to the Company's financial reporting;
(c) monitoring the statutory audit of the annual accounts and the consolidated annual accounts;

(d) assessing and monitoring the independence of the external auditor or the audit firm, as applicable, specifically taking into account the extension of ancillary services to the Company; and
(e) determining the selection process for the external auditor or the audit firm, as applicable of the Company and the nomination to extend the assignment to carry out the statutory audit.

The Audit Committee reports on its deliberations and findings to the Board. This report includes information on how the duties of the Audit Committee were carried out in the financial year, and also reports on the composition of the Audit Committee, the number of meetings of the Audit Committee and the main items discussed at those meetings.

This report also includes the following information:

(a) the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems referred to in Best Practice provisions 1.2.1 through 1.2.3 of the Code;
(b) the methods used to assess the effectiveness of the internal and external audit processes;
(c) material considerations regarding financial reporting; and
(d) the way material risks and uncertainties referred to in Best Practice provision 1.4.3 of the Code have been analysed and discussed, along with a description of the most important findings of the Audit Committee.

In particular, the Audit Committee reports on the results of the annual statutory audit to the Board. This report includes information on how the audit has contributed to the integrity of the financial reporting, and also addresses the role of the Audit Committee in the audit.

During 2020, the Audit Committee met 4 times. The attendance of the members to the Audit Committee meetings is shown in “Table B - Attendance” in the paragraph “Role of the Board of Directors”.

During these meetings, the Audit Committee examined and discussed, among other things, the annual financial statements, the half-year financial report as well as the financial results on a quarterly basis and the 2019 sustainability report-non-financial statements; the Audit Committee also examined the activities of the Internal Audit function in 2019 and the activities planned for 2020; examined the revision of the Audit Plan prepared by the Internal Audit function for 2020, as well as the results of the activities of this function for the first half of the same period; the Audit Committee then examined the Audit Plan prepared by the Internal Audit function for 2021, in accordance with principle 1.3.3 of the Code, together with the budget for that function for the same year; the Audit Committee then reviewed the Group's Enterprise Risk Assessment and the Audit Plan prepared by the external auditor. The Audit Committee reviewed and discussed the reports prepared for the Company's Board of Directors in accordance with principle 1.5.3 of the Code, as well as the proposals for the appointment of the external auditor; the Committee also discussed the Company's cyber security initiatives within the Information Technology function. The Committee then examined some of the Company's procedures (the Group procedure for transactions with related parties; the Group procedure for assigning non-audit services to the external auditor and the related network).

The Audit Committee periodically reported to the Board of Directors on the activities carried out.

The Audit Committee examined the financial documentation with the Group Chief Financial Officer, who attended all the Committee meetings. The Audit Committee met the external auditors on two occasions during which, again in the presence of the Group Chief Financial Officer, it examined the annual financial statements and the quarterly financial report as at 30 September 2020 and also discussed the audit plan prepared by the same external auditors.

The Audit Committee received updates on legal matters by the Group General Counsel of the Company attending all the meetings. Internal Audit activity was reviewed on a regular basis with the Group Chief Internal Audit Officer also attending all the meetings and discussing with the Committee the main findings and remediating actions.

Remuneration and Nomination Committee

By means of the resolution adopted on 24 April 2020, the Board of Directors combined the roles of the remuneration committee and the selection and appointment committee in one committee, by appointing the Remuneration and Nomination Committee.

The duties and the responsibilities of the Remuneration and Nomination Committee are set out in the related charter (published on the Company website) adopted by the Board of Director again on 24 April 2020, pursuant to Art. 7.1.4 of the Articles of Association.

The Remuneration and Nomination Committee consists of three members: 1. Chiara Mancini (chairman), 2. Veronica De Romanis, 3. Paolo Di Benedetto.

All the members of the Remuneration and Nomination Committee are independent pursuant to provision 2.1.8 of the Code.

The Remuneration and Nomination Committee prepares the Board's decision-making (including, if applicable, proposals of the Board for the General Meeting) regarding the determination of the remuneration of individual Directors, including severance payments.

The Remuneration and Nomination Committee submits a proposal to the Board (including, if applicable, proposals of the Board for the General Meeting) concerning the remuneration of each Director. The proposal is drawn up according to the remuneration policy that has been established and, in any event, covers:

(a) the objectives of the strategy for the implementation of long-term value creation within the meaning of Best Practice provision 1.1.1 of the Code;
(b) the scenario analyses carried out in advance;
(c) the pay ratios within the Company and the Business;
(d) the development of the market price of the shares;
(e) an appropriate ratio between the variable and fixed remuneration components. The variable remuneration component is linked to measurable performance criteria determined in advance, which are predominantly long-term in character;
(f) if shares are being awarded, the terms and conditions governing this. Shares should be held for at least five years after they are awarded; and
(g) if share options are being awarded, the terms and conditions governing this and the terms and conditions for exercising the share options. Share options may not be exercised during the first three years after they have been awarded.

The Remuneration and Nomination Committee also prepares the Board's decision-making (including, if applicable, proposals of the Board for the General Meeting) regarding:

(a) the drawing up of selection criteria and appointment procedures for Executive Directors and Non-Executive Directors;
(b) the periodical assessment of the size and composition of the Board, and the making of proposal for a composition profile of the Board;
(c) the periodical assessment of the performance of individual Executive Directors and Non-Executive Directors and reporting this to the Board;
(d) the drawing up of a plan for the succession of Executive Directors and Non-Executive Directors;
(e) the proposal for appointment and reappointment of Executive Directors and Non-Executive Directors;
(f) the supervision of the policy of the Board regarding the selection criteria and appointment procedures for senior management; and
(g) the drawing up of the Company's diversity policy for the composition of the Board.

The Remuneration and Nomination Committee reports on its deliberations and findings to the Board. This report includes information on how the duties of the Remuneration and Nomination Committee were carried out in the financial year, and also reports on the composition of the Remuneration and Nomination Committee, the number of meetings of the Remuneration and Nomination Committee and the main items discussed at those meetings.

The Remuneration and Nomination Committee describes, in a transparent manner, in addition to the matters required by law:

(a) how the remuneration policy has been implemented in the past financial year;
(b) how the implementation of the remuneration policy contributes to long-term value creation;
(c) that scenario analyses have been taken into consideration;
(d) the pay ratios within the Company and the Business and, if applicable, any changes in these ratios in comparison with the previous financial year;
(e) in the event that a Director receives variable remuneration, how this remuneration contributes to long-term value creation, the measurable performance criteria determined in advance and on which the variable remuneration depends, and the relationship between the remuneration and performance; and
(f) in the event that a current or former Director receives a severance payment, the reason for this payment.

The main elements of the agreement of an Executive Director with the Company are to be published on the Company's website in a transparent overview after the agreement has been concluded, and in any event no later than the date of the notice calling the Shareholders' Meeting where the appointment of the Executive Director will be proposed.

During 2020, the Remuneration and Nomination Committee met twice. The percentage of the attendance of the members to the Remuneration and Nomination Committee meetings are shown in "Table B - Attendance" in paragraph "Role of the Board of Directors".

During these meetings, the Remuneration and Nomination Committee examined and discussed the remuneration policy and the report on remuneration drawn up in accordance with Art. 2:135a of the Dutch Civil Code and principle 3.1 and following of the Code, and the report concerning the activity carried out by the Committee in 2019, drawn up in accordance with principle 2.3.5 of the Code; the Remuneration and Nomination Committee also discussed the Board Profile and the valuation document prepared pursuant to principle 2.2.5 of the Code. The Remuneration and Nomination Committee also examined the Group's human rights policy and the 2020 - 2024 Long-Term Incentive Plan.

Further details of the activities of the Remuneration and Nomination Committee are included in the Remuneration Report section included elsewhere in this report.

REMUNERATION OF THE BOARD OF DIRECTORS

Details of the remuneration of the Board of Directors and its committees are set forth within the section "Remuneration Report".

SHAREHOLDERS' MEETING

The annual General Shareholders' Meeting shall be held each year no later than six months after the end of the financial year of the Company. The purpose of the annual General Shareholders' Meeting is to discuss, inter alia, the annual report, the adoption of the annual accounts, allocation of profits (including the proposal to distribute dividends), release of members of the Board of Directors from liability for their management and supervision, and other proposals brought up for discussion by the Board of Directors.

Convening of the Shareholders' Meeting

Shareholders' Meetings are convened by the Board.

Shareholders solely or jointly representing at least ten percent (10%) of the issued share capital may request in writing, stating the matters to be dealt with, that the Board of Directors convene a Cementir Holding Shareholders' Meeting. If the Board of Directors fails to call a meeting, then such shareholders may, upon their request, be authorised by the preliminary relief judge of the court to convene a Cementir Holding Shareholders' Meeting.

Cementir Holding Shareholders' Meetings shall be held in Amsterdam or Haarlemmermeer (Schiphol Airport), the Netherlands, and shall be called by the Board of Directors in such manner as is required to comply with the law and the applicable stock exchange regulations, not later than on the forty-second day prior to the day of the meeting. The notice convening a Shareholders' Meeting is issued in accordance with Dutch law and by a public announcement in electronic form which can be directly and continuously accessed until the Shareholders' Meeting.

An item requested in writing by one or more shareholders solely or jointly representing at least three percent (3%) of the issued share capital, must be included in the notice of the Shareholders' Meeting or announced in the same manner, if the Company has received the request, including the reasons, no later than on the day prescribed by law. The Board has the right not to place proposals from persons mentioned above on the agenda if the Board judges them to be evidently not in the interest of the Company.

The notice shall state the place, date and hour of the meeting and the agenda of the meeting as well as the other data required by law.

The agenda of the annual Cementir Holding Shareholders' Meeting shall contain, inter alia, the following items:

(a) adoption of the annual accounts;

(b) the remuneration policy and the remuneration report;

(c) the policy of the Company on additions to reserves and on dividends, if any;

(d) granting of discharge to the Directors in respect of the performance of their duties in the relevant financial year;

(e) the appointment of Directors;

(f) if applicable, the proposal to pay a dividend;

(g) if applicable, discussion of any substantial change in the corporate governance structure of the Company; and

(h) any matters decided upon by the person(s) convening the meeting and any matters placed on the agenda with due observance of applicable Dutch law.

In addition, the approval of the Shareholders' Meeting is required for resolutions of the Board regarding an important change in the identity or character of the Company or its associated business enterprise, including in any event:

(a) the transfer of the business enterprise, or practically the entire business enterprise, to a third party;
(b) concluding or cancelling a long-lasting cooperation of the Company or a subsidiary with another legal person or company or as a fully liable general partner in a partnership, provided that the cooperation or cancellation is of material significance to the Company; and
(c) the acquisition or disposal of a participating interest in the share capital of a company with a value of at least one-third (1/3) of the Company's assets, according to the consolidated balance sheet with explanatory notes, always according to the last adopted annual accounts of the Company.

The Board of Directors shall provide the Shareholders' Meeting all requested information, unless this would be contrary to an overriding interest of the Company. If the Board of Directors invokes an overriding interest, it must give reasons.

When convening a Shareholders' Meeting, the Board of Directors shall determine that, for the purpose of Art. 8.4 of the Articles of Association, persons with the right to vote or attend meetings shall be considered those persons who have these rights at the twenty-eighth day prior to the day of the meeting (the "Record Date") and are registered as such in a register to be designated by the Board of Directors for such purpose, irrespective of whether they will have these rights at the date of the meeting. In addition to the Record Date, the notice of the meeting shall further state how shareholders and other parties with meeting rights may be registered and how those rights can be exercised.

Each shareholder can be represented by a written proxy, to take part in, address and, to the extent he/she is entitled, to vote at the Shareholders' Meeting using electronic means of communication, provided that such person can be identified via the same electronic means and is able to directly observe the proceedings and, to the extent he/she is entitled, to vote at the Shareholders' Meeting. In that case, the proxy must have been received by the Company no later than on the date determined by the Board in the notice.

Order of discussion and decision-making

The annual Shareholders' Meeting is chaired by:

(a) the Chairman; or

(b) if the Chairman is absent, by the Senior Non-Executive Director; or

(c) if the Senior Non-Executive Director is absent, by one of the other Non-Executive Directors designated for that purpose by the Board; or

(d) if none of the Non-Executive Directors are present at the annual Shareholders' Meeting, such person appointed by the Shareholders' Meeting.

The chairman of the Shareholders' Meeting determines the order of discussion in accordance with the agenda and may limit speaking time or take other measures to ensure that the Shareholders' Meeting proceeds in an orderly manner.

All issues relating to the proceedings at or concerning the Shareholders' Meeting are decided by the chairman of the Shareholders' Meeting. Minutes of the business transacted at the Shareholders' Meeting must be kept by the secretary of the Shareholders' Meeting, unless a notarial record of the Shareholders' Meeting is prepared. Minutes of a Shareholders' Meeting are adopted and subsequently signed by the chairman and the secretary of the Shareholders' Meeting. A written confirmation signed by the chairman of the Shareholders' Meeting stating that the Shareholders' Meeting has adopted a resolution constitutes valid proof of that resolution towards third parties.

The Shareholders' Meeting adopts resolutions by a simple majority of votes cast regardless of which part of the issued share capital such votes represent, unless the law or the Articles of Association provide otherwise.

Each share confers the right to cast one vote at the Shareholders' Meeting. No vote may be cast at the Shareholders' Meeting for a share held by the Company or one of its subsidiaries. Holders of a right of usufruct or a right of pledge on shares belonging to the Company or its subsidiaries are not excluded from voting if the right of usufruct or the right of pledge was created before the share concerned belonged to the Company or one of its subsidiaries. The Company or a subsidiary may not cast a vote in respect of a share on which it holds a right of usufruct or a right of pledge. The chairman of the Shareholders' Meeting determines the method of voting. The ruling by the chairman of the Shareholders' Meeting on the outcome of a vote is decisive. The chairman of the Shareholders' Meeting shall decide in event of a tie. All disputes concerning voting for which neither the law nor the Articles of Association provide a solution are decided by the chairman of the Shareholders' Meeting.

The minutes of the Shareholders' Meeting will be available on the Company website within and no later than three months after the end of the meeting, after which the shareholders shall have the opportunity to react to the minutes in the following three months. The minutes shall then be adopted in the manner as described in the Articles of Association.

CODE OF ETHICS

Cementir Group decided to adopt a Code of Ethics to conform and conduct its business activities following principles of integrity, honesty and confidentiality and in accordance with laws and regulations of countries in which operates. The Code of Ethics promotes the correct and efficient use of resources in the perspective of corporate, social and environment responsibility, to reconcile the search for competitiveness in the Cementir Group market with respect for rules on competition. The Group, in business dealings, is inspired by and observes the principles of loyalty, fairness, transparency, efficiency and market orientation, regardless of the importance of the deal.

All actions, transactions and negotiations carried out and, more generally, people's behaviour in their daily tasks, are inspired by the highest accuracy, completeness and transparency of information, legitimacy, both in form and substance, and clarity and accuracy of accounting records in accordance with regulations and internal procedures. To achieve this goal, the Cementir Group requires its employees to comply with the highest standards of business conduct in the performance of their duties, as set in the Code of Ethics and the procedures to which it refers. For these reasons, the Group:

- guarantees that employees who report any violations of the Code of Ethics will not be subject to any form of retaliation;

- takes fair sanctions commensurate to the type of violation of the Code of Ethics, and guarantees its application to all the categories of employees, keeping into account laws, contracts and regulations applicable in the Country in which operates;

- periodically checks compliance with the Code of Ethics.

The Code of Ethics, updated on 1 June 2020, with the principles and values defined in the Group Policy on respect for Human Rights, is available on the Company's website pursuant to provision 2.5.2 of the Code.

ETHICS COMMITTEE

To monitor the constant compliance with the Code of Ethics by the employees of the Company and its subsidiaries and the application of the regulations following the transfer of the registered office, on 5 October 2019, the Board of Directors resolved, among other things, to establish an Ethics Committee, formed by the Group General Counsel and the Group Chief Internal Audit Officer, which also performs the functions of the Supervisory Board pursuant to Legislative Decree 231/2001.

WHISTLEBLOWING MANAGEMENT PROCEDURE

On 13 November 2019, the Board of Director approved the updated Whistleblowing Management Procedure in compliance with the Dutch Law. Such procedure is available on the Company website pursuant to provision 2.6.1 of the Code.

POLICY ON BILATERAL CONTACTS WITH SHAREHOLDERS

On 13 November 2019, the Board of Director adopted, in compliance with the Dutch Law, the Policy on bilateral contacts with shareholders. Such policy is available on the Company website pursuant to provision 4.2.2 of the Code.

INSIDE INFORMATION

Pursuant to the Market Abuse Regulation (EU Regulation no. 596/2014), Cementir Holding discloses to the public, without delay, any information which: (i) is of a precise nature; (ii) has not been made public; (iii) relates directly or indirectly to the Company or Company's common shares; and (iv) if it were made public, would be likely to have a significant effect on the prices of the Company's common shares or on the price of related derivative financial instruments (the "Inside Information"). In this regard:

"information shall be deemed to be of a precise nature" if: (a) it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred, or which may reasonably be expected to occur and (b) it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments or the related derivative financial instrument. In this respect in the case of a protracted process that is intended to bring about, or that results in particular circumstances or a particular event those future circumstances or that future event, and also the intermediate steps of that process which are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information;

"information which, if it were made public, would be likely to have a significant effect on the prices of financial instruments and derivative financial instruments" mean information a reasonable investor would be likely to use as part of the basis of his or her investment decisions.

An intermediate step in a protracted process shall be deemed to be Inside Information if, by itself, it satisfies the criteria of Inside Information as referred to above.

The above disclosure requirement shall be complied with through the publication of a press release by the Company, in accordance with the modalities set forth under the MAR and Dutch and Italian law, disclosing to the public the relevant Inside Information.

Cementir Holding may, on its own responsibility, delay disclosure to the public of Inside Information provided that all of the following conditions are met: (a) immediate disclosure is likely to prejudice the legitimate interests of Cementir Holding; (b) delay of disclosure is not likely to mislead the public; (c) Cementir Holding is able to ensure the confidentiality of that information.

In the case of a protracted process that occurs in stages and that is intended to bring about, or that results in, a particular circumstance or a particular event, Cementir Holding may on its own responsibility delay the public disclosure of Inside Information relating to this process, subject to points (a), (b) and (c) above.

Cementir Holding, as well as persons acting on its behalf or on its account, shall draw up and keep regularly updated, a list of all persons who have access to Inside Information and who are working for them under a contract of employment, or otherwise performing tasks through which they have access to Inside Information, such as advisers, accountants or credit rating agencies (the "Insider List").

Cementir Holding or any person acting on its behalf or on its account, shall take all reasonable steps to ensure that any person on the Insider List acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing and unlawful disclosure of Inside Information.

CODE OF CONDUCT FOR INTERNAL DEALING

On 13 November 2019, the Board of Director updated the Code of Conduct for Internal Dealing ("Code of Conduct"), adopted by the Company for the first time on 1st April 2006, in compliance to Dutch law. The Code of Conduct ensures maximum transparency and consistency of information provided to the market, with regard to reporting obligations and limitations relating to the purchase, sale, subscription and exchange of shares in Cementir Holding carried out by Managers (Directors of the Company and senior executives who are not Directors of the Board with regular access to inside information relating directly or indirectly to the Company and power to take managerial decisions affecting the future developments and business prospects of the Company) and Persons closely associated with them.

In accordance with European regulations, the Code of Conduct provides for a black-out period on the trading of Company shares during the 30 calendar days prior to the Company's disclosure to the market of the data contained in the annual financial statements, in the half-yearly financial statements, in the interim management reports (or other comparable accounting statements or reports for the period) that the Company is bound to, or has decided to, publish.

DISCLOSURES PURSUANT TO DECREE IMPLEMENTING ART. 10 OF EU-DIRECTIVE ON TAKEOVERS

In accordance with the Dutch *Besluit artikel 10 overnamerichtlijn* (the "Decree"), the Company discloses the following:

a) information on the structure of the capital of the Company and the composition of the issued share capital formed entirely by common shares, are detailed in the table here below.

Share capital structure

	No. shares	Percentage of share capital	Listed
Common shares	159,120,000	100%	Borsa Italiana - STAR Segment

The authorised share capital of the Company amounts to five hundred million euro (EUR 500,000,000) and is divided into five hundred million (500,000,000) shares, each with a nominal value of one euro (EUR 1).

The issued share capital of the Company at 31 December 2020, subscribed and paid up, amounts to EUR 159,120,000 subdivided into 159,120,000 nominal shares of a nominal value of EUR 1.00 each.

Information on the rights attaching to the common shares is in the Company's Articles of Association, available on the Company's website. In particular, rights attaching to common shares of Cementir Holding include (i) pre-emptive rights upon issue of common shares; (ii) right, either in person or by proxy authorised in writing, to attend and address the Shareholders' Meeting; (iii) voting rights and the entitlement to distributions of dividends to the extent that the Company's shareholders' equity exceeds the sum of the paid-up and called-up part of the capital and the reserves which must be maintained by law or the Articles of Association.

b) No restrictions apply to transfer of common shares.

c) Information on direct and indirect shareholdings in the Company's capital in respect of which notification requirements apply, pursuant to Sections 5:34, 5:35 and 5:43 of the Dutch Financial Supervision Acts (Wet op het financieel toezicht) is in section General Information of the notes to the consolidated financial statement, including the shareholders who hold 3% or more of the issued common shares on the basis of information available by the Company and published on the AFM (Stichting Autoriteit Financiële Markten) website.

d) No special control rights or other rights accrue to shares in the capital of the Company.

e) No employee shareholding scheme has been established as under Art. 1 sub 1(e) of the Decree, so there is no specific procedure for the exercise of voting rights by employees.

f) No restrictions apply to voting rights attaching to ordinary shares in the capital of the Company, nor deadlines for exercising voting rights. The Company is not aware of any depository receipts issued for shares in its capital.

g) The Company is not aware of any agreements with any shareholder which may result in restrictions on the transfer of shares or limitation of voting rights.

h) The rules governing the appointment and replacement of members of the Board of Directors are stated in Art. 7.2 of the Articles of Association and described in letter a) "Composition and nomination of the Board of Directors" above. According to Art. 11 of the Articles of Association a resolution to amend the Articles of Association may only be adopted by the Shareholders' Meeting at the proposal of the Board. If a proposal to amend the Articles of Association is to be submitted to the Shareholders' Meeting, it shall be so stated in the notice convening the meeting, and a copy of the proposal containing the text of the proposed amendment shall be held available at the Company's office for inspection by every shareholder and other persons with meeting rights, from the date of the notice convening the Shareholders' Meeting until the conclusion of such meeting.

i) The powers of Board members are detailed in the Articles of Association and in the Board Rules, both available on the Company's website. With particular reference to the power to issue shares, shares are issued pursuant to a Board resolution if the Board has been authorised to do so by a resolution of the Shareholders' Meeting for a specific period with due observance of applicable statutory provisions. If and insofar as the Board is not authorised as previously referred to, the Shareholders' Meeting may resolve to issue shares at the proposal of the Board.

   The Board may be authorised by the Shareholders' Meeting to repurchase shares against payment. The Shareholders' Meeting of 2 July 2020 resolved to authorise the Board of Directors to implement a buy-back programme, financed with available liquidity, with the following characteristics: a) duration of 18 months starting from 2 July 2020, until 1 January 2022; b) maximum aggregate expenditure of EUR 60,000,000; c) purchase price per share not lower than the par value and not higher than 10% of the reference price – including accessory purchase charges - recorded in the stock market session of the day preceding the completion of each individual transaction. The same Shareholders' Meeting also resolved to grant the Board of Directors, in accordance with Dutch law, all consequent powers relating to any treasury shares purchased or held in execution of the Programme. The Board of Directors, in implementation of the Shareholders' Meeting resolution of 2 July 2020, as communicated to the market on 12 October 2020, gave a mandate to Banca Finnat Euramerica S.p.A. to execute the buy-back programme on behalf of the Company, specifying the purpose, minimum and maximum consideration, volumes and methods of execution.

   The Shareholders' Meeting of 28 June 2019 resolved to confirm the existing authorisation to the Board of Directors, granted by resolution of the Shareholders' Meeting held on 23 February 2015, to increase the share capital, in one or more tranches, until 22 February 2020, for a total amount (including any share premium) of EUR 300 million, through the issue of common shares, without exclusion or limitation of pre-emption rights. Therefore, in accordance with Art. 3.2 of the Articles of Association, until 22 February 2020, the Board of Directors has been authorised to issue shares in the capital of the Company, in one or more tranches, without exclusion or limitation of pre-emption rights, up to a maximum consideration (including share premium, if any) of EUR 300,000,000. The authorisation was not used by the expiration and was not renewed.

j) The Company is not a party to any significant agreements which will take effect, will be altered or will be terminated upon a change of control of the Company following a public offer within the meaning of Section 5:70 of the Dutch Financial Supervision Acts (Wet op het financieel toezicht), except for a finance agreement signed in 2016 with a pool of banks. This requires the Company to make early repayments if there is a change of the controlling shareholder. The Company's subsidiaries have in place loan contracts that include standard clauses of change of control that are consistent with the commercial procedures.

k) The Company did not enter into any agreement with a member of the Board or an employee providing for a compensation if they resign or are made redundant without a valid reason or if they resign, are made redundant or if their employment ceases as a result of a public offer within the meaning of Art. 5:70 of the Dutch Financial Supervision Acts.

COMPLIANCE WITH THE DUTCH CORPORATE GOVERNANCE CODE

Dutch companies whose shares are listed on a regulated stock exchange or comparable system are required under Dutch law to disclose in their annual reports whether or not they apply the provisions of the Dutch Corporate Governance Code and, in the event that they do not apply a certain provision, to explain the reasons why they have chosen to deviate.

The Company has a governance system made up of a one tier Board (the Board of Directors). Therefore, pursuant to section 5 of the Code and the related Explanatory Notes, those principles that pertain to the members of the supervisory board are applicable to Non-Executive Directors and those relating to the members of the management board are applicable to the Executive Director. In addition, those duties stated in sections 1 to 4 of the Code and, in particular, the tasks and powers therein referred to the chairman of a supervisory board, in a company such as Cementir Holding, with a one-tier governance structure, fall within the remit of the Senior Non-Executive Director, appointed among the Non-Executive Directors, as a separate position from the Chairman of the Board of Directors and CEO who is the Executive Director of the Company.

For 2020, Cementir Holding declares substantial compliance with the Code, providing the following explanations and considerations with reference to the following provisions:

Principle 2.1.7.

There are 3 independent Non-Executive Directors out of a total of 8 in office until the approval of the financial statements for the 2022 financial year and therefore they are less than half of the total Non-Executive Directors: the other 5 may be referred to a shareholder who hold ten percent or more of the Company's shares. Cementir Holding deems said composition appropriate, insofar it is consistent with the historical composition of the Board and being fully reflective of the ownership structure, with a shareholder owning the large majority of shares.

Principle 2.2.2.

Most of the Non-Executive Directors who were re-elected for a further three years at the General Meeting of the Company on 20 April 2020 had already been in office for over eight years and some of them for over twelve years. As already noted with reference to principle 2.1.7, Cementir Holding believes that renewal beyond the terms in this principle is appropriate in the light of the corporate structure and, in particular, the ownership structure characterising the Company.

Principle 2.2.4.

The Board of Directors, given the specific nature of Company's ownership, with a concentrated control and one Executive Director fully empowered upon resolution of the Board itself, at the date of approval of the report does not deem to approve a specific plan for the succession of Executive Directors.

Any vacancy in the seat of the Executive Director and an inability to act is also governed by Art. 7.2.8 of the Company's Articles of Association stating that the remaining Executive Directors shall temporarily be entrusted with the executive management of the Company; the Board may, however, provide for a temporary replacement. If the seats of all Executive Directors are vacant or upon the inability of all Executive Directors or the sole Executive Director to act, as the case may be, the executive management of the Company shall temporarily be entrusted to the Non-Executive Directors, provided that the Board may, however, provide for one or more temporary replacements. Since 2018, the Company also outlined a "Contingency Plan" that identifies actions to be taken should it be necessary to replace the Executive Director. In particular, in case of resignation or early termination of the CEO from the office, the CEO's powers are provisionally assigned to the Vice- Chairman until a new CEO is appointed and in charge, unless the Board of Directors decides otherwise.

Principle 3.4.2.

The main elements of the contract with the Executive Director were published on the website in the context of the remuneration report.

Principles 4.1.8 and 4.1.9.

In consideration of the health situation caused by the Covid-19 pandemic and the consequent travel restrictions, candidates for the position of Non-Executive Directors justified their absence at the General meeting of 20 April 2020, which resolved on their appointment. The candidate for the position of Executive Director participated via remote video conference. The external auditor also participated via remote video conference in the General Meeting of 20 April 2020.

CORPORATE GOVERNANCE STATEMENT

The corporate governance Statement, provided for under the Dutch Vaststellingsbesluit nadere voorschriften inhoud bestuursverslag, can be found on the company's website www.cementirholding.com.

REPORT OF THE NON-EXECUTIVE DIRECTORS

INTRODUCTION

This report has been drafted in compliance with the provision 5.1.5 of the Code: *"The Non-Executive Directors render account of the supervision exercised in the past financial year. They should, as a minimum, report on the items referred to in best practice provisions 1.1.3, 2.1.2, 2.1.10, 2.2.8, 2.3.5 and 2.4.4 and, if applicable, the items referred to in best practice provisions 1.3.6 and 2.2.2*".

SUPERVISION BY THE NON-EXECUTIVE DIRECTORS

In compliance with the Articles of Association, the Board of Directors, following the appointment of the General Meeting on 20 April 2020 and until the approval of the financial statements as of 31 December 2022, is currently made up of an Executive Director (Francesco Caltagirone, CEO) and eight Non-Executives Directors (Alessandro Caltagirone, Azzurra Caltagirone, Edoardo Caltagirone, Saverio Caltagirone, Fabio Corsico, Veronica De Romanis, Paolo Di Benedetto and Chiara Mancini).

The Non-Executive Directors of the Company supervise the Executive Director's conduct and performance of duties, the Company's general affairs and its business, developing a general strategy, including the strategy for realising long-term value creation and taking into account risks connected to the Cementir Group's business activities.

Non-Executive Directors supervise at least the following key elements:

(a) developing a general strategy, including the strategy for realising long-term value creation, and taking into account risks connected to the Cementir Group's business activities;

(b) ensuring compliance with all relevant laws and regulations, the Articles of Association and good corporate governance practice;

(c) satisfying the integrity of financial information and ensuring the appropriateness of financial controls and risk management systems; and

(d) reviewing the performance of the Board as a whole, each Director individually, and the committees of the Board.

Non-Executive Directors scheduled the yearly meeting recommended by best practice provisions of the Code, prior to the Board meeting of 9 March 2021.

More details regarding the role, the composition and the activities carried out by the Non-Executive Directors, including the "Personal Information" pursuant to provision 2.1.2 of the Code, are set forth in the paragraph "*Board of Directors*" of the "*Corporate Governance*" section above.

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

Pursuant to provision 2.1.10 of the Code, the Report of the Non-Executive Directors, should state if the independence requirements referred to in best practice provisions 2.1.7 to 2.1.9 inclusive have been fulfilled and, if applicable, should also state which Non-Executive Director(s), if any, is not considered to be independent.

Until the approval of the financial statements for the 2022 financial year, the independent Non-Executive Directors are Veronica De Romanis, Chiara Mancini and Paolo Di Benedetto, while the non-independent Non-Executive Directors are Alessandro Caltagirone, Azzurra Caltagirone, Saverio Caltagirone, Edoardo Caltagirone and Fabio Corsico. Therefore, there are 3 independent Non-Executive Directors out of a total of 8 and thus less than half of the Non-Executive Directors; the other 5 may be referred to a shareholder who hold ten percent or more of the Company's shares. Cementir Holding deems the said composition appropriate, insofar it is consistent with the historical composition of the Board and being fully reflective of the ownership structure, with a shareholder owning the large majority of shares.

In compliance with the provision 2.1.9 of the Code, the Board of Directors on 24 April 2020 appointed Paolo Di Benedetto as Senior Non-Executive Director, to serve as the chair of the Board as referred to under Dutch law according to the Company's Articles of Association and to Art. 2.3.7 of the Board Rules.

Finally, with reference to provision 2.2.2 of the Code, most of the Non-Executive Directors who were re-elected for a further three years by the Company's General Meeting on 20 April 2020 had already been in office for over eight years and some of them for over twelve years. As already noted with reference to principle 2.1.7, Cementir Holding believes that renewal beyond the terms in this principle is appropriate in view of the corporate structure and, in particular, the ownership structure characterising the Company.

With said clarifications, the independence requirements set forth in best practice provision 2.1.10 of the Dutch Corporate Governance Code are met.

ASSESSMENT BY THE NON-EXECUTIVE DIRECTORS

Pursuant to provision 2.2.8 of the Dutch Corporate Governance Code, the Non-Executive Directors of Cementir Holding carried out, for the financial year 2020, an assessment on the size, composition and functioning of the members of the Board, the Board itself and its Committees, indicating: (i) how the assessment of the Non-Executive Directors, as a whole and individually, and of the committees was carried out; (ii) how the assessment of the Executive Director was carried out; (iii) summary considerations and suggestions on possible improvements in the functioning of the Board.

The assessment is carried out yearly by the Directors through the compilation of questionnaires regarding the size, composition and functioning of the Board, its members and committees and, upon their request, through a personal interview. The Company's Corporate Affairs Department deals with the collection and management of confidential feedback.

The Non-Executive Directors expressed unanimous satisfaction with the functioning of the Board of Directors and one or more of them also made proposals for possible innovations. Among them, the establishment of a governance committee; verification of the feasibility of a possible different structuring of operational powers; the expansion of the mix of skills and experience within the Board of Directors in the sectors of cybersecurity, finance and strategic direction.

The managerial structures of Cementir Holding were considered adequate and effective for achieving the objectives set by the Company.

The role of the Executive Director was particularly appreciated in relation to the operational management of the Company, defining the objectives of the Cementir Group and managing the corporate performance, within the scope of the responsibility for creating profit and analysing and proposing strategic opportunities that contribute to the growth of the Group. The Non-Executive Directors agree that the Executive Director ensured compliance with applicable laws and regulations, the Articles of Association and good corporate governance practices and also carried out the decisions of the Board, determined the Board's objectives and prepared the annual financial documentation in compliance with the applicable legislation. Furthermore, a large majority of Non-Executive Directors believed that the powers conferred on the Executive Director have enabled the Board of Directors to adequately exercise the functions of direction and control over management and corporate risks. A majority of Non-Executive Directors also deemed it appropriate to combine the offices of the Chairman and Chief Executive Officer.

In relation to the Audit Committee, the Non-Executive Directors appreciated and were in agreement with the contribution of this Committee and deemed its composition to be adequate. The Non-Executive Directors considered that the Audit Committee periodically gives the Board of Directors an accurate, effective and substantial picture of the activities to be carried out, with an indication of the priorities. The Non-Executive Directors also believed that the Committee timely provides the Board of Directors with the necessary documentation and information and that the activities carried out were clearly and effectively illustrated to the Board of Directors and the related recommendations were adequately discussed, having an impact on the decisions of the Board itself.

The members of the Audit Committee then deemed the number and average duration of the meetings held in 2020 to be adequate; they also considered that the risk assessment and monitoring of the main risks by the Company were carried out in a satisfactory manner and that the organisational structure with regard to risk governance is adequate and satisfactory. The Audit Committee, as a whole, has the technical skills and experience necessary for the credible and effective performance of its functions.

The attendance of the Directors to the Audit Committee was altogether satisfactory (more details are given in Table B - "Attendance" of the "*Corporate Governance*" section, paragraph "*Role of the Board of Directors"*).

More information regarding the role, the composition and the activities carried out by the Audit Committee, are set forth in the "*Corporate Governance*" section, paragraph "*Board Committees*".

With reference to the Remuneration and Nomination Committee, the Non-Executive Directors considered the composition of this Committee adequate as well as effective and the contribution made in terms of the remuneration of the Chief Executive Officer and the remuneration criteria for Executive Managers was substantial.
The Non-Executive Directors also then held that the Committee timely provides the Board of Directors with the necessary documentation and information and that the activities carried out were clearly and effectively illustrated to the Board of Directors and the related recommendations were adequately discussed, having an impact on the decisions of the Board itself.

The members of the Remuneration and Nomination Committee deemed the number and average duration of the meetings held in 2020 to be adequate. The Remuneration and Nomination Committee, as a whole, has the skills and experience necessary for the credible and effective performance of its functions.

The members actively participated in the meetings (more details are given in Table B - "Attendance" of the "*Corporate Governance*" section, paragraph "*Role of the Board of Directors"*).

More information regarding the role, the composition and the activities carried out by the Remuneration and Nomination Committee, are set forth in the "*Corporate Governance*" section, paragraph "*Board Committees*".

The Non-Executive Directors will take into account said positive conclusions of the assessment in the selection process to be undertaken on the occasion of the next renewal of the Board of Directors and confirms, also for these purposes, the current Profile, available on the Company's website.

COMMITTEE REPORTS

Pursuant to provision 2.3.5 of the Code, the Non-Executive Directors received the reports of each Committee.

By means of the resolution adopted on 24 April 2020, the Board of Directors established the Audit Committee and combined the roles of the remuneration committee and the selection and appointment committee in one committee, establishing the Remuneration and Nomination Committee.

The duties and the responsibilities of these Committees are set out in the related charter (published on the Company website) adopted by the Board of Director again on 24 April 2020, pursuant to Art. 7.1.4 of the Articles of Association.

The Audit Committee is currently made up of 3 Non-Executive Directors, all independent: Veronica De Romanis (chairman), Paolo Di Benedetto and Chiara Mancini.

The Remuneration and Nomination Committee is currently made up of 3 Non-Executive Directors, all independent: Chiara Mancini (chairman), Veronica De Romanis and Paolo Di Benedetto.

Further information relating to the number of meetings, the performance of the tasks assigned and the main topics discussed in the meetings of the Committees, are contained in the "*Corporate Governance*" section in the paragraphs *"Audit Committee" and "Remuneration and Nomination Committee".*

The participation of Non-Executive Directors in the meetings of their respective Committees to which they belong, also for the purposes of the disclosure established in provision 2.4.4, is detailed in the " *Corporate Governance*" section, Table B of the paragraph "*Role of the Board of Directors* ".

OTHER INFORMATION

ALTERNATIVE PERFORMANCE INDICATORS

The Cementir Group used some alternative performance indicators to enable a better assessment of the performance of economic management and the capital and financial situation. In line with that established in the ESMA/2015/1415 guidelines, the meaning and contents of those indicators are noted below.

- EBITDA: is an indicator of operating performance calculated by adding together "EBIT" and "Amortisation, depreciation, impairment losses and provisions";
- Net financial debt: is an indicator of financial structure calculated according to Consob Communication No. 6064293/2006, as the sum of the items:
  - Current financial assets;
  - Cash and cash equivalents;
  - Current and non-current financial liabilities.
- Net capital employed: is calculated as the total amount of non-financial assets, net of non-financial liabilities.

NON-FINANCIAL STATEMENT

In the last few years, Cementir has been actively committed to pursuing a programme inspired by the principles of the circular economy, which envisages a series of initiatives focused on reducing the environmental impact of its operations and on developing less CO_2-intensive products.

Since 2019, Cementir has decided to take more disruptive actions for fighting climate change by defining a 10-year roadmap to maximise the deployment of existing technologies and laying the groundwork for the breakthrough innovations that will lead to the production of 'net zero emissions' cement.

Cementir's plan is to reduce its scope 1 carbon intensity to less than 500 kg CO_2 per tons of Grey cement produced (which translates into a planned 30% reduction of CO2 emissions per ton of cement by 2030, compared to 1990). For white cement, that is a specialty product with niche applications and markets (0,5% of total worldwide cement production), the plan is to reduce its scope 1 carbon intensity to 800 Kg CO_2 per ton of White cement produced (35% reduction of CO2 emissions per ton of cement by 2030, compared to 1990). This reduction is lower than the ETS benchmark for white cement (928 kg CO2 per ton of cement, equal to the EU ETS benchmark for the clinker, 957 kg CO2/t Clinker, multiplied by the clinker to cement ratio of 0.97).

In the 10 years Roadmap, the Group planned the main investment needed until 2030, out of which 107 million declared in the Industrial Plan 2021-2023, approved by the Cementir Board of Director in February 2021. In the roadmap has not estimated yet, the investment for the breakthrough technology (i.e. carbon capture) for which the related business cases are still under development by the Group

In the 2021-2023 period, the major investments will be related to:

- the upgrade of the kiln in the Belgian plant to increase alternative fuel use from the current 40% to 80;
- the construction of a new calcination plant aimed at the production of FUTURECEM™. As already mentioned, through FUTURECEM™ technology, the clinker in cement will be partially replaced by limestone and calcined clay. The creation of a plant for the calcination of clay will support the shifting of our product portfolio from tradition Portland cement to low carbon cement (FUTURECEM™);

- the installation of 2 Wind Turbine Generator (2 WTG with 4,200 kW) in the Aalborg plant. The energy produced will be used by the plant;
- the extension of district heating supply in Aalborg from the current 36,000 to over 50,000 households. The Aalborg plant recovers excess heat from cement production to provide district heating to local inhabitants. In 2020, the Aalborg plant delivered about 1.8 million GJ of energy to the Municipality of Aalborg, with an annual CO_2 savings of 150,000 ton for the Municipality.

Cutting the CO2 emissions is a priority of Cementir, but the Group is also focused on other several actions needed for adopting all necessary measures and the most innovative technological solutions to minimize the impact of our business on the environment; creating a healthy, safe and inclusive work environment; respecting human rights and creating a constructive and transparent relationship with the local communities and business partners.

In 2020, following the advice of the World Health Organization along with governments and public health authorities, Cementir put in place a new range of global and local measures to contain the spread of Coronavirus between employees and partner. The Group put in place safety protocols guidelines for each location. Differentiated strategies were applied for the management of office staff and staff working in production plants. However, social distancing, utilization of protective masks, regular cleaning and disinfecting of work stations and limiting access to sites for all non-essential personnel are the main pillars of each protocol.

A Human Rights self-assessment checklist, based on Cementir Code of Ethics, UN Declaration on Human Rights, ILO Conventions and UK Slavery Act has been established and has been included as part of Internal Audit process. In 2020, the human rights self-assessment checklist was performed by the Group legal entities and reviewed by the internal audit department, with a coverage of 79% of the Cementir workforce worldwide, involving the following countries: France, Belgium, Denmark, Norway, Turkey, United States, China, Malaysia, Italy and Poland.

Finally, the 95% of quarries used by the Group has a rehabilitation plan in place. The plans define the goal and timetables for the reintegration of a quarry into the surrounding landscape. The rehabilitation processes start when the quarry is still in operation, by reclaiming the areas that are no longer used.

For further details please refer to the specific Non-Financial Statement. That document is published on the Company's website www.cementirholding.it, at the same time as the 2020 Annual Report, of which it is an integral part.

ORGANISATION AND CONTROL MODEL PURSUANT TO ITALIAN LEGISLATIVE DECREE 231/2001

On 8 May 2008, the Board of Directors of Cementir Holding approved a new organisational, management and control model based on a careful analysis of the risk of corporate offences in connection with Group operations. As Cementir Holding secondary and operational office is located in Italy, the model complies with guidance provided by Legislative Decree No. 231/2001, Italian best practice and Confindustria recommendations.

The Company also adopted a Code of Conduct endorsing the business principles that all company officers and employees, and anyone working with the company in any capacity, are required to comply with, in pursuing company business.

Furthermore, the Company appointed the Supervisory Body pursuant to Legislative Decree 231/2001 to carry out the task of updating and supervising the implementation of the Model adopted by the Company, with the support of the Internal Audit function for specific initiatives.

The Model has been periodically updated since 2008 to reflect organisational changes in the Company and the Group, as well as regulatory updates (new offences added) to Legislative Decree 231.

On 28 June 2019, the Extraordinary Shareholders' Meeting of the Company resolved to transfer its registered office from Rome to Amsterdam, adopting the legal form of a Dutch Naamloze Vennootschap and changing its name to Cementir Holding N.V. On 5 October 2019, when all the conditions had been met, the Dutch notarial deed necessary to transfer the Company's registered office was signed, effective as of the same date.

As a result of this transfer, from 5 October 2019 the Italian regulations under Legislative Decree 231/2001 no longer applied to the Company. At the same time, as a result of the transfer, the Supervisory Body set up in accordance with this law also ceased to exist.

Regardless, the Company continues to apply (i) its Code of Ethics (although this should not be understood as making Cementir Holding or the Group subject to the previously applicable regulations), and (ii) the Model, given the Company's operations take place in Italy, where Cementir Holding has established a secondary and operational headquarters.

On 13 November 2019, the Company's Board of Directors also appointed an Ethics Committee, made up of the Group General Counsel and the Company's Chief Internal Audit Officer, granting this committee powers equivalent to those of the Supervisory Body previously existing under Italian Legislative Decree 231/2001.

RELATED-PARTY TRANSACTIONS

With regard to related-party transactions, as defined by IAS 24, the Group did not conduct any atypical and/or unusual transactions. All business and financial dealings with related parties were conducted on terms equivalent to those that prevail in arm's length transactions.

The Group did not conduct any significant or material transactions concerning related-party transactions. Note 34 to the consolidated financial statements and note 30 to the separate financial statements provide an analysis of transactions with related parties.

TREASURY SHARES

It should be noted that on 2 July 2020, the extraordinary Shareholders' Meeting authorised the Board of Directors to carry out a treasury share purchase programme with a duration of 18 months and a maximum investment of EUR 60 million.

As of 31 December 2020, the purchase of treasury shares concerned a total of 694,500 shares (0.4365% of the share capital) for an equivalent value of EUR 4,543 thousand.

MANAGEMENT AND COORDINATION

Cementir Holding NV sets its general and operational strategies independently. In particular, the Board of Directors of Cementir Holding NV has sole responsibility for reviewing and approving strategic, commercial and financial plans, and for overseeing the adequacy of organisational, administrative and accounting structures.

PERSONAL DATA PROTECTION

The Parent Company ensures the protection of personal data in accordance with current laws.

The Company has adopted internal regulations and the relevant operational tools needed to ensure regulatory compliance at the date of entry into force of EU regulation 679/2016. In order to ensure full compliance with the legislation and review the system created also in light of Legislative Decree 101 of 10 August 2018, which came into force on 19 September 2018, Cementir Holding launched another project, now complete, to update and refine its privacy policy.

LITIGATION

The Company is responsible for leading the defence in proceedings, of which it is not a party, in accordance with the terms and conditions set out in a settlement agreement with Italcementi S.p.A., relating to the sale of the shares of Cementir Italia S.p.A. (today Cemitaly S.p.A.), Cementir Sacci S.p.A. (today Italsacci S.p.A.) and Betontir S.p.A., finalised on 2 January 2018.

The main proceedings, relating to events in which the Company may be abstractly subject to compensation obligations based on the aforementioned settlement agreement, in relation to events occurred prior to the transfer, are noted below.

Antitrust proceedings

On 7 August 2017, upon completion of an investigation, the Italian Competition Authority ("Authority”) found out an agreement was in place, aimed at coordinating cement selling prices across the entire country, and imposed an administrative fine on the producers involved, including Cemitaly. In 2020 the Company paid Cemitaly the sum of EUR 5,118,076 as a compensation, to extinguish the fine and the interest accrued, representing this payment the final settlement.

Proceedings in relation to the Cemitaly plant in Taranto

On 28 September 2017, Cemitaly was notified of criminal proceedings brought against it, Ilva S.p.A. and Enel Produzione S.p.A. in relation to administrative offences under Articles 5, 6 and 25 undecies paragraph 2 letter F) of Legislative Decree 231/2001. According to investigator allegations, (i) Cemitaly was aware of the fact that the fly ash it bought from Enel Produzione did not comply with applicable legislation, as traces of substances not derived solely from burning coal were found; (ii) the blast-furnace slag supplied by Ilva to Cemitaly should be qualified and treated as waste, due to its alleged “mechanical” impurities (presence of ferrous metals, crushed stone, debris, etc.), such as to require treatments such as sieving and deferrization, both of which, according to the investigator, are outside “normal industrial practice”. At the outcome of the hearing of 15 April 2019, the Public Prosecutor requested that the company and natural persons appeared before the court, limited to answering the charges relating to the fly ash purchased from Enel Produzione. The dispute relating to the slag is awaiting the request for dismissal. The preliminary hearing, originally set for 20 November 2020, has been postponed to 4 March 2021 and since than to 12 May 2021 .

Other legal disputes

An administrative dispute is pending before the Court of Appeal in Turkey, brought by the Turkish company Cimentas AS, indirect subsidiary of Cementir Holding. The dispute relates to the order issued by the Turkish stock exchange’s regulatory and supervisory body (Capital Market Board – CMB), requiring Cimentas AS to demand back from the concerned Cementir Group companies around 100 million Turkish Lira (now equal to around EUR 13 million) by way of hidden profit distribution, allegedly generated by an intragroup company sale in 2009. On 29 January 2017, CMB served a summons to Cementir Holding to appear before the Court of Izmir, requesting that the company be ordered to pay to Cimentas AS an amount provisionally set at approximately 1 million Turkish lira. The Company duly appeared in court, arguing the total lack of foundation of the plaintiff's argument and requested that the civil proceedings be suspended until the administrative proceeding is finally settled. With a ruling of 1 July 2020, the Court of Appeal in Turkey declared lack of jurisdiction in relation to the case in question. The judgement has been challenged by Cementir Holding before the Supreme Court.

SUBSEQUENT EVENTS AFTER THE REPORTING DATE

On 4 February 2021, the Board of Directors' of the Parent Company approved the 2021 - 2023 Business Plan. Please refer to the relevant press release available con the company website www.cementirholdidng.com under the Investors, Press Releases section.

The new Group business Plan envisages the achievement of the following targets in 2023:

- **Cumulative investments in sustainability** of EUR 102 million, for specific projects concerning the reduction of CO2 emissions at the Group's plants;
- **Revenue between EUR 1.4 and 1.5 billion**, with growth driven by grey, white cement, ready-mix and aggregates sales volumes increase in all geographical areas, with prices in line with the market;
- **EBITDA** to exceed EUR 300 million, with an EBITDA margin expansion of 23% by 2023. Such results will be achieved also thanks to both Cementir 4.0 programme and the green investments;
- **Annual investments of approximately EUR 70 million** directed towards developing production capacity and maintaining plant efficiency.

The expected cash generation driven by improved results and working capital optimization will allow to reach a net cash position already in 2022, which is expected to reach approximately EUR 250 million at the end of the Plan.

In compliance with the resolution of the Shareholders' Meeting of 2 July 2020, the programme for the purchase of treasury shares continued at the date of 28 February 2021 for a total of 1.675,000 shares equal to 1.0527% of the share capital (694,500 shares equal to 0.4365% of the share capital at 31 December 2020) for a total outlay of EUR 12,028 thousand (EUR 4,543 thousand at 31 December 2020).

No other significant facts occurred after the year ended.

MANAGEMENT OPERATING OUTLOOK

In 2021, the Group expects to achieve consolidated revenues of approximately EUR 1.3 billion, an EBITDA of between EUR 285 and EUR 295 million and a net financial debt of approximately EUR 30 million at the end of the period, including capital expenditure of approximately EUR 95 million. The Group headcounts is foreseen stable during the period.

This forward-looking indication does not include any new outbreaks of the Covid-19 pandemic in the coming months.

The foregoing exclusively reflects the point of view of the company's management, and does not represent a guarantee, a promise, an operational suggestion or even just an investment advice. Therefore, it should not be taken as a forecast support on the future trend of the markets and financial instruments concerned.

PROPOSED ALLOCATION OF THE LOSS FOR THE YEAR 2020 OF CEMENTIR HOLDING NV

The Board of Directors proposes that the shareholders:

- approve the Directors' Report on 2020 and the separate financial statements as at and for the year ended 31 December 2020;
- distribute, as a dividend, a total of EUR 22,277 thousand as EUR 0.14 for each ordinary share, before any applicable withholdings required by law, using:
  - the profit of the year of EUR 14,994 thousand;
  - retained earnings for EUR 7,283 thousand.

Rome, 9 March 2021

Chairman of the Board of Directors

signed: /f/ Francesco Caltagirone Jr.

REMUNERATION REPORT

REMUNERATION OF DIRECTORS

Introduction

It is worth highlighting that the main financial results in 2020 that could influence the Group Remuneration were:

(a) Net Financial Debt being EUR 122.2 million (EUR 239.6 million in 2019).
(b) EBIT at EUR 157.2 million (EUR 151.7 million 2019).

During the year, the Board of Directors was renewed with its current composition by the Shareholders' Meeting of 20 April 2020, for a three-year term, reducing the number of members from 13 to 9. Subsequently, by resolution of 24 April 2020, the Board set up the Board Committees, appointing their members and respective chairmen.

The Remuneration Policy has not undergone any changes compared to the previous year.

This Section (hereinafter the "**Remuneration Report**") defines the principles and guidelines with which Cementir Holding N.V. (hereinafter "**Cementir Holding**" or "**Company**") determines and monitors its own remuneration policy and implements it with reference to the Executive and Non-Executive Directors (hereinafter jointly referred to as "**Directors**" in this Remuneration Report).

In this Remuneration Report, Cementir Holding intends to strengthen the transparency of the contents of its remuneration policies and their implementation, allowing investors to obtain information on remuneration, including variable remuneration, and enabling them to make a more accurate assessment of the Company, thereby enabling shareholders to act in an informed manner when exercising their rights.

The Remuneration Report consists of the following sections:

- **Section I,** illustrating the policy of Cementir Holding N.V. with regard to the remuneration of the Executive and Non-Executive Directors for the year 2021, as well as the procedures used to adopt and implement the policy.
- **Section II**, which indicates the amounts paid during 2020 to the Directors, providing a representation of each pay component.

The Remuneration Report is drafted pursuant to Art. 2: 135, 2: 135a and 2: 135b of the Dutch Civil Code (hereinafter "**DCC**") and Chapter 3 of the Dutch Corporate Governance Code (hereinafter the "**Code**"). It was approved by the Board of Directors on the proposal of the Remuneration and Nomination Committee (hereinafter also the "**Committee**" in this Remuneration Report) at the meeting of 9 March 2021. Section I is to be submitted to the approval of the Shareholders' Meeting called on 21 April 2021. Section II is to be submitted to the advisory vote of the Shareholders' Meeting called on 21 April 2021.

The Remuneration Report is made available on the Company's website (*www.cementirholding.com*) after the Shareholders' Meeting and will be accessible for 10 (ten) years, in compliance to the procedures and within the terms prescribed by current regulations.

SECTION I - REMUNERATION POLICY 2021

This section describes, in a comprehensive manner, the principles and guidelines with which Cementir Holding determines and monitors the remuneration policy and its implementation within the Company (hereinafter the "**Remuneration Policy**" or the "**Policy**").

The Remuneration Policy has the main purpose of summarising the remuneration policies applied within the Group and ensuring a fair and sustainable remuneration system, in line with the long-term corporate strategies and objectives, with regulations and with Stakeholders' expectations. The Policy is also intended to attract and retain members of staff with the professional qualities needed to manage and operate successfully in an international environment characterised by competitiveness and complexity and is also designed to recognise and reward good performance.

Cementir Holding intends to adopt a competitive remuneration system that better guarantees compliance with the delicate balance between strategic objectives and the recognition of the merits of Group employees. By utilising short and medium/long-term variable pay components, the Policy is designed to facilitate the alignment of staff interests with the pursuit of the priority objective - creation of value - and the fulfilment of financial targets. This objective is pursued also by linking a significant part of remuneration to the achievement of set performance targets, by means of both the short-term incentive scheme (STI) and the long-term incentive scheme (LTI). The LTI is applied to certain selected employees only.

The Remuneration Policy is made available on the Company's website (*www.cementirholding.com*) upon approval by the Shareholders' Meeting and during the period of its applicability in compliance to Art. 2:135a paragraph 7 DCC.

1.1 DEFINITION AND APPROVAL OF THE REMUNERATION POLICY

Parties involved in the Remuneration Policy

The definition of the Remuneration Policy is the result of a clear and transparent process in which the Company's Remuneration and Nomination Committee and Board of Directors play a central role.

The Policy is submitted for the approval of the General Shareholders' Meeting by the Board of Directors on the recommendation of the Remuneration and Nomination Committee. The Policy is deemed approved with the favourable vote of at least ¾ of the votes cast at the Shareholders' Meeting. In case the Policy is not approved by the Shareholders' Meeting, the Company applies the existing policy and submits to the approval of next Shareholders' Meeting a revised policy.

The bodies and parties involved in the remuneration policies approval process are listed below, along with a precise indication of their roles in the process:

Shareholders' Meeting

With regard to remuneration, the Shareholders' Meeting:

- adopts the remuneration policy upon proposal of the Board, pursuant to Art. 7.4.1 of the Company's Articles of Association;
- determines the compensation for the Executive and Non-Executive Directors as well as for the members of the board committees (Audit Committee and Remuneration and Nomination Committee), in accordance with the remuneration policy, as provided for in Art. 7.4.2 of the Company's Articles of Association;
- expresses a vote, each year, on the first section of the remuneration report, i.e. on the Remuneration Policy;

- shall receive adequate disclosure about the implementation of remuneration policies and express an advisory vote, each year, on the second section of the Remuneration Report, i.e. on the report on compensation paid;
- shall make decisions on any remuneration plans based on shares or other financial instruments and intended for Directors, employees and other workers, including key executives.

Board of Directors

With regard to remuneration, the Board of Directors:

- submits a remuneration policy proposal to the Shareholders' Meeting pursuant to Art. 7.4.1 of the Articles of Association, drawn up with the support of the Remuneration and Nomination Committee;
- develops the strategy for realising long-term value creation.
- approves the Remuneration Report pursuant to Articles 2: 135 and 2: 135a DCC, to be presented at the annual Shareholders' Meeting;
- shall prepare any remuneration plans based on stocks or other financial instruments and submits them to the Shareholders' Meeting for approval;
- implements the remuneration plans based on shares or other financial instruments, after authorisation from the Shareholders' Meeting.

Non-Executive Directors

The Non-Executive Directors among their duties are responsible for the supervision of:

- the performance of the Executive Directors;
- the supervision for developing a general strategy, including the strategy for realising long-term value creation.

Executive Directors

The Executive Director, who in this case also assumes the role of CEO pursuant to Art. 7.1.2 of the Articles of Association:

- sets performance targets for the Cementir Group;
- shall submit to the Remuneration and Nomination Committee the stock incentive, stock option, corporate shareholding and similar plans motivating and retaining the managers of the Group companies controlled by the Company or, as the case may be, he shall assist the Committee in their drafting, with the support of the Group's Human Resources Department as well;
- shall enforce the Company's Remuneration Policy in accordance with this document.

Remuneration and Nomination Committee.

In accordance with the recommendations contained in the Code and the Board Rules, the Remuneration and Nomination Committee:

- prepares the Board's decision-making (including proposals of the Board for the General Meeting) regarding the determination of the remuneration of individual Directors, including severance payments;

- submits a proposal to the Board concerning the remuneration of each Director. The proposal is drawn up according to the remuneration policy that has been established and in any event it covers:
  (a) the objectives of the strategy for the implementation of long-term value creation within the meaning of best practice provision set forth in point 1.1.1 of the Code;
  (b) the scenario analyses carried out in advance;
  (c) the pay ratios within the Company and the Business;
  (d) the development of the market price of the shares;
  (e) an appropriate ratio between the variable and fixed remuneration components. The variable remuneration component is linked to measurable performance criteria determined in advance, which are predominantly long-term in character;
  (f) if shares are being awarded, the terms and conditions governing this. Shares should be held for at least five years after they are awarded; and
  (g) if share options are being awarded, the terms and conditions governing this and the terms and conditions for exercising the share options. Share options may not be exercised during the first three years after they have been awarded.

Human Resources Department

The Company's HR Department is involved in defining and approving the proposals for the remuneration plan of the Company's personnel, monitoring and checking that those proposals are fully implemented with the aim of collecting market data in terms of practice, policies and benchmarking and if necessary, resorting to advice from independent experts.

Composition and activities of the Remuneration and Nomination Committee

As of the date of approval of this Report, the Remuneration and Nomination Committee is made up of three Non-Executive Directors, all independent, appointed by the Board of Directors at the meeting of 24 April 2020:

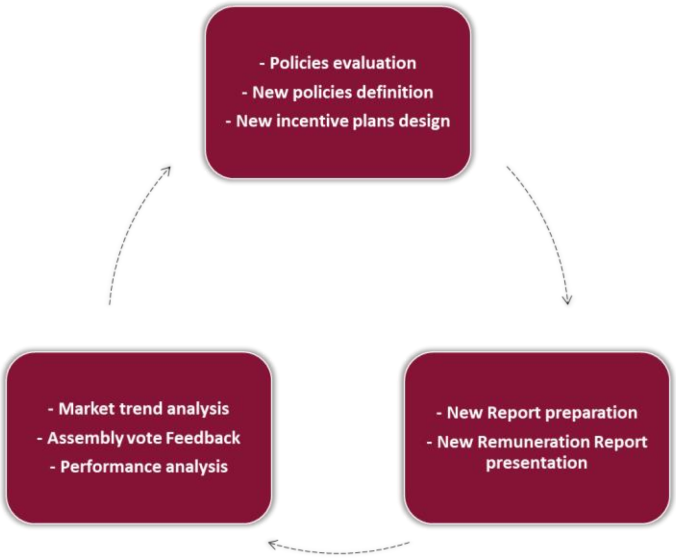
Composition of the Committee

Chiara Mancini	*Non-Executive independent Director and Chairman of the Committee*
Veronica De Romanis	*Non-Executive independent Director and member of the Committee*
Paolo Di Benedetto	*Non-Executive independent Director and member of the Committee*

The Remuneration and Nomination Committee provides advice and submits proposals to the Board of Directors, and supervises to ensure that the Remuneration Policy is defined and applied; specifically it prepares the Board of Directors' decision making regarding the:

- periodical assessment of size and composition of the Board and its Committees, and the proposal for the profile of the Board also in regard to the professional roles whose presence within the Board or the Board Committees is considered to be necessary in order for the Board to express its strategy to shareholders before the new Board is appointed, also taking into account the results of the annual assessment of the Board and the Board Committees as required by the Code;
- periodical assessment of the performance of individual Executive Directors and Non-Executive Directors and reporting this to the Board;
- drawing up of selection criteria and appointment procedures for Executive Directors and Non-Executive Directors;

- drawing up of a plan for the succession of Executive Directors and Non-Executive Directors;
- proposal of candidates for the office of Executive and Non-Executive Directors;
- supervision of the policy of the Board regarding the selection criteria and appointment procedures for senior management;
- drawing up of the Company's diversity policy for the composition of the Board.



It also:

- submits proposals to the Board of Directors regarding the remuneration policy for Executive and Non-Executive Directors, periodically assessing the performance of individual Executive Directors and Non-Executive Directors and reporting this to the Board;
- Submits proposals or express opinions to the Board of Directors regarding the remuneration of Executive and Non-Executive Directors with specific duties, and on the setting of performance targets related to the variable-pay component;
- Evaluates and formulates proposals to the Board of Directors with regard to stock incentive, stock option, corporate shareholding and similar plans designed to motivate and retain the managers and employees of the Group companies controlled by the Company;
- Reports to the Board on the ways it performs its duties;
- Examines the annual Remuneration Report to be approved by the Board and submitted to the Shareholders' Meeting vote as part of the annual financial reports meeting;
- Provides opinions on issues submitted to it from time to time for screening by the Board of Directors, concerning remuneration or any pertinent or related topics.

The Non-Executive Directors, including those forming the Remuneration and Nomination Committee, can access the information and contact company departments as necessary, in order to fulfil its duties.

The Remuneration and Nomination Committee meets during each financial year according to a calendar scheduled at the beginning of such year and any time it may deem appropriate, upon notice issued by the Chairman of the Committee so as to ensure the correct execution of its tasks. No Executive Director shall participate to any Committee meeting in which are made proposals related to their remuneration.

Meetings of the Remuneration and Nomination Committee are attended - when deemed appropriate and at the invitation of the Committee - by Company's management (General Counsel, Chief Financial Officer and Chief Human Resources Officer).

Annually, when the financial statements are approved, the Remuneration and Nomination Committee reports to the Board in relation to its work.

In 2020, the Remuneration and Nomination Committee met on 4 March and 11 May. During these meetings, the Committee examined and discussed the remuneration policy and the report on remuneration drawn up in accordance with Art. 2:135a of the DCC and principle 3.1 and following of the Code, and the report concerning the activity carried out by the Committee in 2019, drawn up in accordance with principle 2.3.5 of the Code; the Remuneration and Nomination Committee also discussed the Board Profile and the valuation document prepared pursuant to principle 2.2.5 of the Code. The Remuneration and Nomination Committee also examined the Group's human rights policy and the 2020 - 2024 Long-Term Incentive Plan.

Independent experts who contributed to preparing the Remuneration Policy

As mentioned in the previous year's Report, in 2020, the Company took advantage of the advice of the independent expert Korn Ferry - Haygroup to conduct international benchmark analyses and to align the Remuneration Policy with peers and market best practices.

1.2 CONTENT OF THE REMUNERATION POLICY

1.2.1 Content of the Remuneration Policy and main changes compared to 2020

The Policy determines the principles and guidelines adopted by the Board in order to define the remuneration of its members and in particular of Executive and Non-Executive Directors as well as members of the Committees. It provides detailed information designed to ensure stakeholders receive more information about pay policies, practices adopted and results obtained, and shows that the policies are consistent with the business strategy and company performance.

Cementir Holding pursues a Remuneration Policy aimed at motivating, attracting and retaining people who, thanks to their professional skills and personal ability to apply those skills in fulfilling business objectives, are able to build value for the Company's Stakeholders.

The principles applied in defining the Policy are intended to ensure that Cementir Holding is appropriately competitive in its sector and international markets, on three main fronts:

- promotion of merit and performance to reward actions and behaviours that reflect the values of the Company, the principles of the code of ethics and the strategic objectives;
- External competitiveness and internal fairness to make sure that pay packages are in line with best practices, and to ensure that they are consistent with the complexity and responsibilities of the role;
- Align the interests of Management with those of the Shareholders and with the medium and long-term strategies of the Company.

The Policy has the primary objective of creating sustainable value over the medium to long-term by creating a strong bond between individual performance and the Group on the one hand, and remuneration on the other.

The 2021 Remuneration Policy does not envisage substantial changes compared to that approved in 2020, confirming the simplification and standardisation of the overall structure of the short-term variable incentive system, thanks mainly to the digitalisation of the process, which will take place through an online definition and subsequent assessment platform.

It also maintains and confirms the medium and long-term incentive system applied in previous years.

1.2.2 Description of fixed and variable pay components with particular regard to their weightings within the overall remuneration, and distinguishing between the short and medium and long-term variable components

The remuneration of Directors has been defined as follows, with reference to the fixed and variable components:

Remuneration of the Board of Directors

The Remuneration Policy for the Board of Directors set by the Shareholders' Meeting comprises the following elements:

A. compensation of Directors for the office and for attendance at Board meetings;

B. compensation for the Executive Director (who also holds the position of CEO) for the performance of executive functions, powers and responsibilities;

C. remuneration of Non-Executive Directors, members of the Audit Committee and of the Remuneration and Nomination Committee and of the Chairmen of these Committees.

Remuneration of Directors

The remuneration to be paid to Directors (see letter A) shall be in the form of an allowance for attendance at each Board of Directors' meeting, and of a fixed annual payment for the office of Director, payable to each Director (both Executive and Non-Executive Directors) and established, in accordance with the provisions of the law, by the Shareholders' Meeting.

The current annual remuneration for all Directors is:

- a fixed annual allowance of EUR 5,000.00;
- an attendance fee of EUR 1,000.00 for each Board meeting they attend.

The same is confirmed as policy for 2021.

Remuneration of Directors tasked with specific duties

The compensation to be paid to Directors tasked with specific duties (letters B and C above) is quantified, at the proposal of the Remuneration and Nomination Committee, by the Board of Directors, taking into account the work actually required of each of them and any powers vested in addition to the compensation due to all Directors.

The following Directors have specific duties within the Board of Directors of the Company:

(a) the Chairman of the Board of Directors;

(b) the CEO;
(c) the Directors who participate in the Board Committees (Audit Committee and Remuneration and Nomination Committee).

The Directors (i) called upon to be members of the Remuneration and Nomination Committee and of the Audit Committee and (ii) appointed as Chairman of such Committees, shall receive an additional fixed compensation, commensurate with the work required from each of them in the performance of their aforesaid duties.

Remuneration of the Chairman and CEO

The annual gross remuneration of the Chairman of the Board of Directors and the CEO generally includes the following elements:

- a fixed component;
- a variable component determined according to the Group's performance and tied to predetermined, measurable parameters connected to the creation of shareholder value in a medium/long-term time span.

In determining the remuneration of the Chairman and CEO, the Board of Directors takes into account (i) the specific content of the vested powers and/or (ii) the functions and the role actually served within the Company, thereby assuring that the provision of a possible variable component is consistent with the nature of assigned duties.

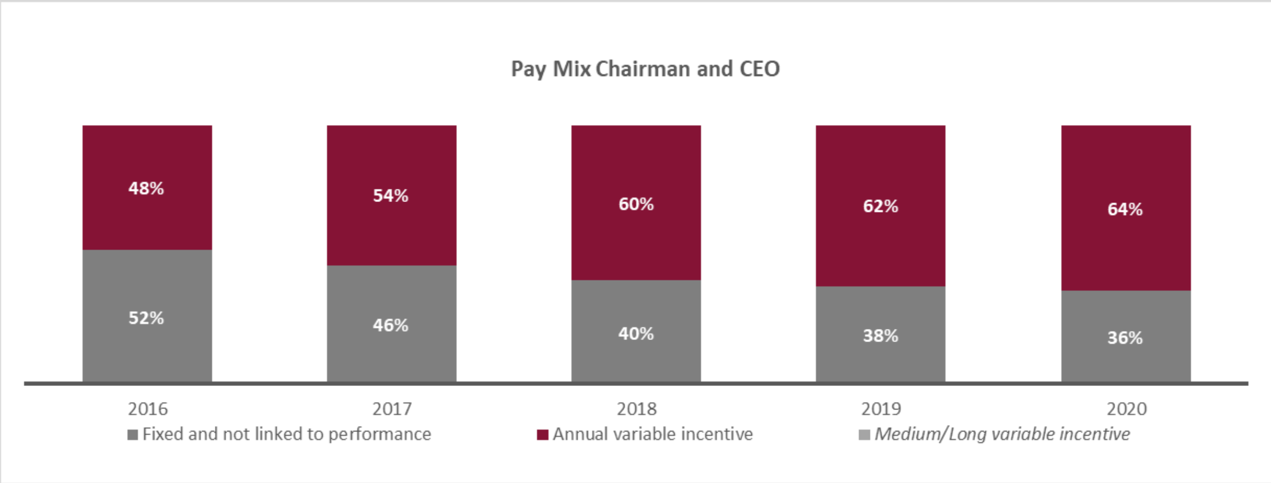
In particular, remuneration is determined on the basis of the following criteria:

- correct balance between the fixed component and the variable component in accordance with the Company's strategic goals and its risk management policy, also taking into account the industry in which it operates and the characteristics of the business it actually conducts;
- provision of maximum limits for the variable components, provided that the fixed component shall be sufficient to remunerate the performance of the Chairman and of the CEO if the variable component is not paid;
- The parameters, economic results and any other specific objectives to which the payment of the variable components is tied are predetermined, measurable and connected to the creation of shareholder value in a medium/long-term time span.

In detail, in line with the resolution approved in previous years, the variable component is set at 2% of the cash flow produced by the Group in the reference year and is defined according to a formula that enables a quick reference with the consolidated accounts figures, from which the fixed pay component should be deducted. The variable component, which is before taxes and can only have a value of zero or above, can be preliminarily calculated and paid out as payment on account when the Board of Directors approves the Group's half-year financial statements; when the Group's annual financial statements are approved by the Shareholders' Meeting, the variable component is definitively determined, and the relative balance is paid out. The fixed component is also confirmed consistently with previous years. The fixed component proposed for the Chairman and Chief Executive Officer is EUR 1.8 million per year before taxes, payable on a monthly basis.

The reference to operational cash flow generated by the Group has been identified as it is considered that this value, better than others, represents the link between annual performance (short-term) and the value of the company, and therefore appropriately aligns the results obtained by the CEO with the objective of creating value for all shareholders.

The following is the historical trend of the pay mix that is, the percentage weight of the various components of pay in relation to Annual Total Compensation (excluding benefits):



As the Chairman and CEO expresses the will of the Company's controlling shareholders and is a shareholder himself, there is an alignment of the interests of Executive Director(s) with the interest of all shareholders and stakeholders of the Company, consequently there is no need for an (additional) medium/long-term incentive plan.

Remuneration of Non-Executive Directors

The compensation of Non-Executive Directors is not tied to the Group's economic-financial results or based on short or medium-term incentive plans or based on the use of financial instruments.

Remuneration of Non-Executive Directors proposed for 2021 confirms the structure and the order of magnitude defined in the previous years.

The annual remuneration for Non-Executive Directors consists of:

- a fixed annual allowance of EUR 5,000.00 determined for all Directors (see letter A above);
- an attendance fee of EUR 1,000.00 for each Board meeting they attend (see letter A above);
- an annual fee of EUR 30,000.00 for each position held by the Non-Executive Directors as Chairman of each of the Committees (Audit Committee and Remuneration and Nomination Committee);
- an annual fee of EUR 20,000.00 for each position held by the Non-Executive Directors as a member of each of the aforementioned Committees.

Short-Term Incentive and Long-Term Incentive Schemes

In addition to the remuneration described above for Executive and Non-Executive Directors, Cementir Holding N.V. adopts, for the Managers within the Company, a compensation scheme to create value, for its Stakeholders, achieving ever-improving performance levels within the sustainable value creation structure that is the Company's true objective.

Short-term variable component - STI

The variable component is based on a Short-Term Incentive (STI) Plan. The system assesses the performance of the Company and of the beneficiary on an annual basis and directs the actions of the management towards strategic objectives in line with the Group's short-term business priorities.

In 2020, the short-term incentive system was based on the financial objectives of the Group and/or the branches (access system Gate). In addition, objectives with indicators linked to individual performance were defined. Each target (corporate and individual) is matched with a minimum performance, target performance and maximum performance level, correlated to the payout curve within the range 90%-120%.

In 2021, an online performance assessment system will be used which will also make it possible to manage the short-term incentive system.

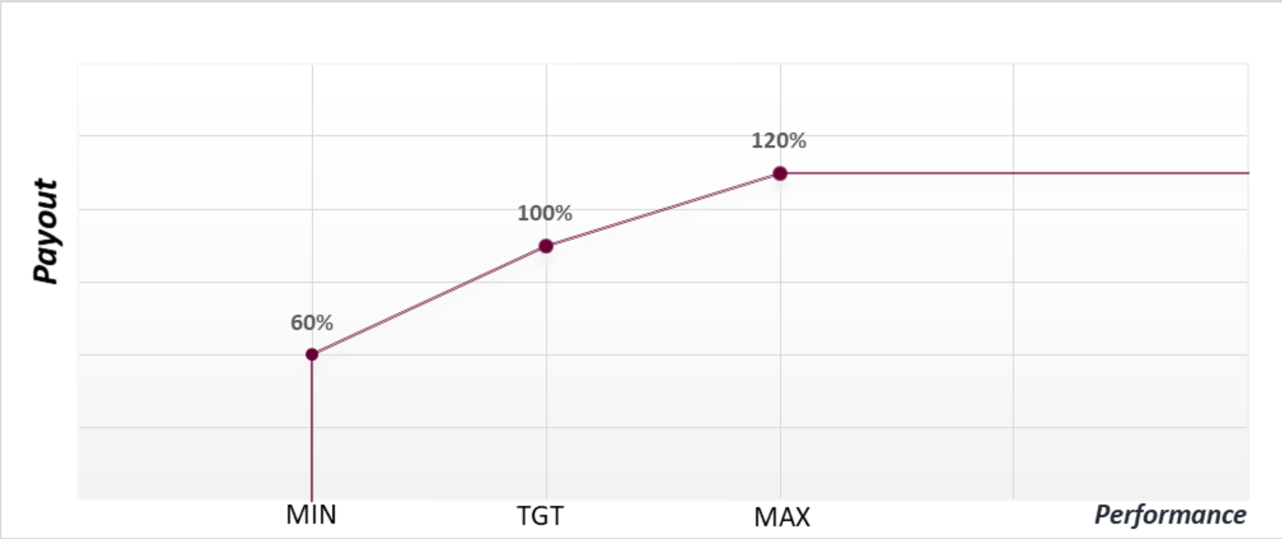
Therefore, the same will continue to be based on the Group's and/or subsidiaries' financial targets, which are the factor that enables access (Gate) to the system. Each target will be matched with a minimum performance, target performance and maximum performance level, correlated to the payout curve within the range 90%-120%. Other individual objectives must be defined based on indicators linked to company performance and/or to the individual performance specific to the role. The individual performance assessment total will be defined according to a rating scale ranging from 1- *Unsatisfactory* to 5- *Exceptional* and which will measure the "What" of the objectives, but also the "How" ensuring adherence to company values.

The combination of corporate and individual objectives will give right to a variable bonus payment.

For the purposes of incentivisation and the final bonus, overall performance, taking into account the entry gate and performance results, cannot be less than 60%.

The structure and weighting of the various objectives, which is standardised at the Group level, is shown in the following table:

30% Weighting	70% Weighting
Group targets • Economic-Financial Targets (Gate) ○ EBIT (20%) ○ NCF (10%)	**Individual targets 80%** • Targets based on Operational Projects/Results and sustainability of earnings • Organisational Development and Growth Targets **Cementir Leadership Competencies Model 20%**



In order to encourage managers to pursue their annual budget targets, the short-term incentive plan is addressed to all managers within the Group with exactly the same scheme as described above being adopted. Target incentive levels expressed as percentages of fixed remuneration, depend on the responsibility and complexity of the role covered, whilst maintaining a single structure throughout the Group.

Medium/long-term incentives - LTI

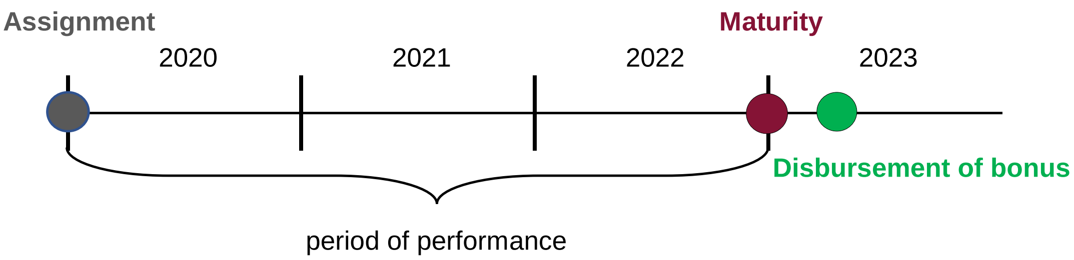
The LTI plan is intended for Executive Managers with strategic responsibilities, and a selected group of managerial staff, chosen from those who have the greatest impact on the Group's medium/long-term results.

As the CEO is also a major shareholder, he does not participate in this plan.

The LTI plan consists of three-year cycles based on the medium/long-term performance of the Group in relation to the existing Business Plan, and it has the following aims:

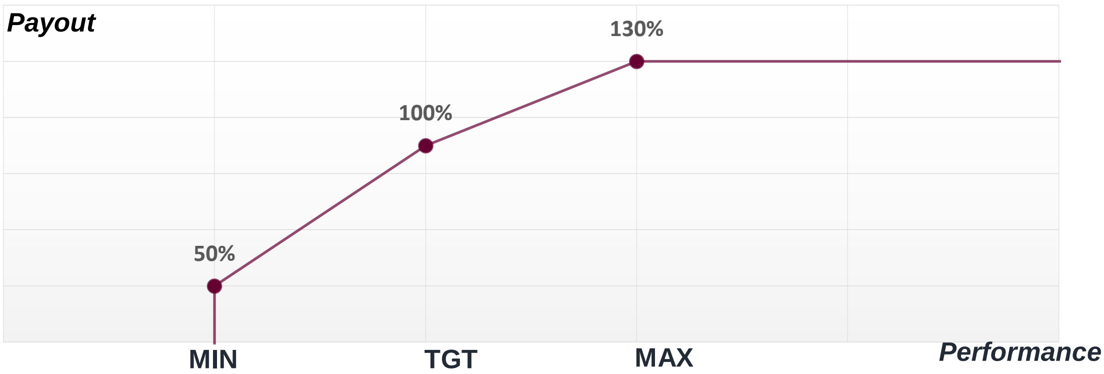
- Incentivise the aforementioned Executive Managers to achieve the objectives set out in the Business Plan;
- To converge the interests of Executive Managers with those of shareholders to create sustainable medium/long-term value;
- To introduce a motivation and retention plan.

The LTI also provides for the annual award of the right to receive a monetary performance bonus measured over a three-year period, in line with the company's medium-term strategic planning (vesting period).



Bonus opportunities for beneficiaries differ, and amount to 30% or 40% of annual gross remuneration to be assigned on achieving the target; the incentive payable at the end of the vesting period is determined on the basis of the performance achieved and varies from 50% to 130% of the value of the bonus.

This incentive may rise to up to 52% (the “cap”) of gross annual remuneration upon achievement of levels of performance higher than the target levels.



Performances below the target will see a reduction in the bonus of up to 20% of gross annual salary, when a performance threshold is reached.

No bonus will be awarded if the results are below the threshold.

The award of the bonus depends on two performance conditions being met. These conditions operate separately, and each have a weighting of 50% in the calculation of the bonus:

- Three-year cumulative Free Cash Flow
- Three-year cumulative EBIT

The threshold, target and maximum amount are set in line with the Company’s medium-term business plan.

Clawback and malus clauses

A clawback clause applies to the LTI and STI. This allows the Board of Directors to ask the beneficiaries to return all or part of the bonuses paid if they find that the performance targets were achieved on the basis of inaccurate or false data.

During the 2020, no clawback is deemed required and consequently no clawback is been applied.

1.2.3 Criteria used in assessing performance targets underlying the award of shares, options, other financial instruments and variable pay components

The criteria used in assessing performance targets is based on the financial results of the Group. For more information, refer to the contents of paragraph 1.2.2 above.

1.2.4 Information designed to highlight the cohesion between the Remuneration Policy and the pursuit of the Company's long-term interests and risk management policy

As described above, the Remuneration Policy pursues the objective of creating sustainable value over the medium to long-term, for the Company and its shareholders.

Therefore the remuneration of Executive Directors and key executives is structured so as to:

- ensure that the overall retribution structure is balanced, with an adequate balance of the fixed and variable components, with the aim of creating sustainable value over the medium to long-term, for the Company;
- coordinate the variable remuneration with the reaching of operational and financial targets, in line with the creation of value over the medium to long-term and the actual results achieved by the Company;
- ensure that overall pay levels reflect the professional value of individuals and their contribution to creating sustainable value over the medium to long-term.

For Non-Executive Directors, please refer to paragraph 1.2.2.

1.2.5 Vesting period, deferred payment schemes, indication of deferment periods and criteria used to determine them, as well as ex-post adjustment mechanisms and information about clauses on the inclusion of financial instruments in the portfolio after acquisition, with details of the holding periods and criteria used to determine them

The Company has not adopted any Remuneration Plan based on shares or any other financial instruments nor does it award shares or other financial instruments as variable performance-based pay components. In addition, no clauses were determined for the retention in portfolio of financial instruments after their acquisition, meaning clauses that include the obligation of non-portability on a relevant portion of the shares awarded.

1.2.6 Policy on indemnities applied after termination of contract or resignation

In general, for all Directors, there shall be no (i) indemnities in case of resignation or revocation without just cause or non-renewal, (ii) agreements prescribing the allocation or continuation of non-monetary benefits in favour of persons who have relinquished their office and, (iii) consulting agreements with the Directors for a period following termination of their employment.

With regard to the above, it is consistent that on the one hand the Chairman and CEO is among the main shareholders of the Company, but on the other hand, it must be considered that the payment to be assigned to the other Directors takes the form of an attendance fee and a fixed annual remuneration of a modest entity to be assigned to each Director, thus limiting the risk of any claim related in any way to the termination of office as Director, and in any case the corresponding amount.

Directors that have a work collaboration with the Company or its Subsidiaries must attain in any case to current provisions related to Collective Labour Agreements for the termination of their work collaboration, in accordance with the legal procedures and requirements.

Where necessary, the Company may request the signature of a non-competition agreement by an outgoing Director, which includes the payment of an indemnity related to the terms and extension of such obligation.

The violation of this agreement will lead to a refusal to pay the indemnity or its return, as well as an obligation to refund the damage for a convened amount (i.e. the double of the accorded indemnity).

If employment with the Company is terminated for reasons other than just cause, efforts will be made to reach an arrangement for a consensual termination. Subject in any case to the obligations set out by law and/or by the employment agreement, the arrangements for the termination of employment with the Company are modelled after the relevant reference benchmarks and within the limitations defined by jurisprudence and practice.

1.2.7 Information about the presence of insurance cover, welfare or pension provision

In keeping with best practices, provision has been made for a Directors & Officers (D&O) Liability insurance policy covering the third-party liability of the Board of Directors.

In case of employment relationship with the Company, pension or welfare provision are in line with the practices applied for Managers of the Company.

1.2.8 Information about the use of benchmark pay policies from other companies

The Remuneration Policy was devised by the Company without using as reference the policies of other companies.

The current Remuneration Policy is valid 1 (one) year and is therefore revised yearly by the Remuneration and Nomination Committee and by the Board of Directors and submitted to approval of the Shareholders' Meeting.

SECTION II - PAYMENTS RECEIVED DURING 2020 BY THE MEMBERS OF THE BOARD OF DIRECTORS

This section of the Report sets out the remuneration paid in 2020 to each member of the Board of Directors. This remuneration was paid in application of the principles as set out in the Remuneration Policy.

On 8 March 2021, the Remuneration and Nomination Committee verified the correct application of the Remuneration Policy approved in 2020.

PART I - REMUNERATION COMPONENTS

Remuneration of Directors

Fixed component

The Shareholders' Meeting of 20 April 2020 approved the proposed Remuneration Policy, assigning to all Directors, for the duration of their office, a fixed allowance of EUR 5,000.00, plus an attendance fee of EUR 1,000.00 for each Board meeting they attend.

Variable component

The compensation of Non-Executive Directors is not tied to the Group’s economic-financial results or based on short or medium-term incentive plans or based on the use of financial instruments.

Monetary and non-monetary benefits

In keeping with best practices, provision has been made for a Directors & Officers (D&O) Liability insurance policy covering the third-party liability of the governing bodies.

Reimbursement of expenses

Directors are entitled to reimbursement for the reasonable expenses incurred because of their office on the basis of the arrangements with the Company.

Treatment/indemnities in case of termination from office

On the date of approval of this Report, no agreements have been stipulated with any of the Directors involving indemnities in case of resignation or revocation without just cause or termination of the charge as a result of a take-over bid, nor are there any extant agreements involving the assignment or continuation of non-monetary benefits in favour of persons who have left office; additionally, no consultation agreements have been stipulated with the Directors for a period subsequent to termination, or agreements involving compensation for no-competition commitments.

Remuneration of Directors tasked with specific duties

As of the date of approval of this report, the Directors tasked with specific duties are:

▪ Francesco Caltagirone	Chairman and CEO
▪ Paolo Di Benedetto	Member of the Remuneration and Nomination Committee Member of the Audit Committee
▪ Chiara Mancini	Chairman of the Remuneration and Nomination Committee Member of the Audit Committee
▪ Veronica De Romanis	Member of the Remuneration and Nomination Committee Chairman of the Audit Committee

(i) Remuneration of the Chairman and CEO

With respect to the remuneration of the Chairman and CEO Francesco Caltagirone, the Shareholders' Meeting of 20 April 2020 confirmed the remuneration and remuneration policy already in force and unchanged from the previous term of office, as detailed here below and in the table in 2.2.1.

Fixed component

The fixed component is EUR 1.8 million per year before taxes, payable on a monthly basis.

Variable component

The variable components for 2020 were estimated at EUR 3.428 million, before tax. The achievement was calculated as 2% of Net Operating Cash Flow.

(ii) Remuneration for participation in Board Committees

The Shareholders' Meeting of 20 April 2020 approved the proposed Remuneration Policy and therefore established an additional annual remuneration for participation in the Board Committees in addition to that approved by the Shareholders' Meeting for the office of Director and specifically, as detailed in the table below:

- For the positions of Committee Chairmen (Remuneration and Nomination Committee and Audit Committee), a fixed total annual remuneration of EUR 60 thousand, gross of taxes and any statutory surcharges;
- To the other members of the Remuneration and Nomination Committee and the Audit Committee: fixed compensation of EUR 20 thousand, for each office held, before taxes and any law-mandated surcharges

***

In general, the practice applied by the Company is in line with the 2020 remuneration policy.

PART II - COMPENSATION PAID IN FINANCIAL YEAR 2020

Compensation paid to the members of the Board of Directors.

The table below shows the compensation paid in Financial Year 2020, for any reason and in any form, by the Company and by subsidiaries and affiliates, to the members of the Board of Directors. It should be noted that the remuneration paid in the associated companies is disclosed within the context of the report on remuneration of the parent company Caltagirone S.p.A., published in accordance with the provisions of law applicable to listed companies, to which reference should be made.

Cementir Holding N.V. - Year 2020

COMPENSATION PAID TO THE BOARD OF DIRECTORS AND TO THE MANAGERS WITH STRATEGIC RESPONSIBILITIES

(in thousands of Euros)

Name of Director, position	Fixed Remuneration			Compensation for participation in committees	Variable Compensation (non equity)	Non-monetary benefits	Other fees	Total	Proportion of fixed and variable remuneration
	Token of presence	Compensation approved by the Shareholders' Meeting or by the BoDs	Compensation for employee work		Bonuses and other incentives				
BOARD OF DIRECTORS									
Francesco Caltagirone, Chairman of the Board of Directors and CEO	4	1.805	81		3.428	7		5.325	64% variable remuneration 36% fixed remuneration
Alessandro Caltagirone, Non-Executive Director and Vice-Chairman	4	5						9	100% fixed remuneration
Azzurra Caltagirone, Non-Executive Director and Vice-Chairwoman	5	5						10	100% fixed remuneration
Edoardo Caltagirone, Non-Executive Director	5	5						10	100% fixed remuneration
Saverio Caltagirone, Non-Executive Director	5	5						10	100% fixed remuneration
Fabio Corsico, Non-Executive Director	4	5					225	234	100% fixed remuneration
Paolo Di Benedetto, Senior Non-Executive Indipendent Director, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	4	5		40				49	100% fixed remuneration
Chiara Mancini, Non-Executive Independent Director and Chairman of the Remuneration and Nomination Committee and Member of the Audit Committee	5	5		50				60	100% fixed remuneration
Veronica De Romanis, Non-Executive Indipendent Director, Chairman of the Audit Committee and Member of the Remuneration and Nomination Committee	5	5		50				60	100% fixed remuneration
DIRECTORS WHO LEFT THE OFFICE DURING 2020									
Mario Delfini, Non-Executive Director and Member of the Audit Committee and Member of the Remuneration and Nomination Committee	2	2		13				17	100% fixed remuneration
Roberta Neri, Non-Executive Indipendent Director	2	2						4	100% fixed remuneration
Adriana Lamberto Floristan, Non-Executive Indipendent Director and Member of the Audit Committee	2	2		7				10	100% fixed remuneration
MANAGEMENT WITH STRATEGIC RESPONSIBILITIES									
Executives with strategic responsibilities:*			2.871		1.068	551		4.490	24% variable remuneration 76% fixed remuneration
TOTAL:	**47**	**1.850**	**2.952**	**160**	**4.496**	**558**	**225**	**10.288**	

***Includes Group COO, Group CFO, Heads of Region and Business Unit Managing Directors**

Cementir Holding N.V. - Year 2019

COMPENSATION PAID TO THE MEMBERS OF THE ADMINISTRATION AND CONTROL BODIES, TO THE GENERAL MANAGER AND TO THE MANAGERS WITH STRATEGIC RESPONSIBILITIES

(in thousands of Euros)

Name of Director, position	Fixed Remuneration					Variable Compensation (non equity)						
	Token of presence	Compensation approved by the Shareholders' Meeting or by the BoDs	Compensation for employee work		Compensation for participation in committees	Bonuses and other incentives*		Non-monetary benefits		Other fees	Total	Proportion of fixed and variable remuneration
						STI	LTI					
BOARD OF DIRECTORS												
Francesco Caltagirone, Chairman of the Board of Directors and CEO	7	1.805	81		N/A	3.125	N/A	6		N/A	5.024	62% variable remuneration 38% fixed remuneration
Carlo Carlevaris, Senior Non-Executive Director**	0	5	N/A		N/A	N/A	N/A	N/A		N/A	5	100% fixed remuneration
Alessandro Caltagirone, Non-Executive Director and Vice-Chairman	3	5	N/A		N/A	N/A	N/A	N/A		N/A	8	100% fixed remuneration
Azzurra Caltagirone, Non-Executive Director and Vice-Chairwoman	6	5	N/A		N/A	N/A	N/A	N/A		N/A	11	100% fixed remuneration
Edoardo Caltagirone, Non- Executive Director	5	5	N/A		N/A	N/A	N/A	N/A		N/A	10	100% fixed remuneration
Saverio Caltagirone, Non- Executive Director	7	5	N/A		N/A	N/A	N/A	N/A		N/A	12	100% fixed remuneration
Mario Delfini, Non-Executive Director, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	5	5	N/A		40	N/A	N/A	N/A		N/A	50	100% fixed remuneration
Roberta Neri, Non-Executive Director	3	5	N/A		N/A	N/A	N/A	N/A		N/A	8	100% fixed remuneration
Adriana Lamberto Floristan, Non-Executive Director, Member of the Audit Committee	7	5	N/A		20	N/A	N/A	N/A		N/A	32	100% fixed remuneration
Fabio Corsico, Non-Executive Director	6	5	N/A		N/A	N/A	N/A	N/A		225	236	100% fixed remuneration
Paolo Di Benedetto, Non-Executive Director, Chairman of the Audit Committee and Chairman of the Remuneration and Nomination Committee	7	5	N/A		60	N/A	N/A	N/A		N/A	72	100% fixed remuneration
Chiara Mancini, Non-Executive Director, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	7	5	N/A		40	N/A	N/A	N/A		N/A	52	100% fixed remuneration
Veronica De Romanis, Non-Executive Director, Memebr of the Audit Committee and Member of the Remuneration and Nomination Committee	7	5	N/A		40	N/A	N/A	N/A		N/A	52	100% fixed remuneration
BOARD OF STATUTORY AUDITORS												
Silvia Muzi, Chairman of the Board of Statutory Auditors	N/A	60	N/A		N/A	N/A	N/A	N/A		N/A	60	100% fixed remuneration
Claudio Bianchi, Standing Auditor	N/A	40	N/A		N/A	N/A	N/A	N/A		N/A	40	100% fixed remuneration
Maria Assunta Coluccia, Standing Auditor	N/A	46	N/A		N/A	N/A	N/A	N/A		N/A	46	100% fixed remuneration
TOTAL:	**70**	**2.011**	**81**	**0**	**200**	**3.125**	**0**	**6**		**225,00**	**5.718**	

****Includes the adjustment relating to the 2018 variable compensation.***

***Resigned on 13th November of 2019*

Stock options assigned to the members of the Board of Directors, to general managers and to the other key executives.

There are no stock-option plans for members of the Board of Directors nor for sake of completeness for the General Manager, other key executives or employees of the Company.

Incentive plans based on financial instruments, other than stock options, for members of the Board of Directors, General Managers and other key executives.

There are no incentive plans based on financial instruments other than stock options (restricted stock, performance share, share plan, etc.); for the members of the Board of Directors nor for sake of completeness for the General Manager, for the other key executives or employees of the Company.

The Group did not grant loans to Directors or key executives during the reporting period and did not have loan assets due from them at 31 December 2020.

The following table shows a comparison of the total remuneration of Directors over the last five years, based on Cementir Holding N.V. Directors in office at 31 December 2020. Compensation data are reported for the last five years although the Cementir Holding N.V. is a Dutch-listed company starting from 2019.

	2020	2019	2018	2017	2016
BOARD OF DIRECTORS					
Francesco Caltagirone, Chairman of the Board of Directors and CEO	5325	5024	4751	4068	3705
Alessandro Caltagirone, Non-Executive Director and Vice-Chairman	9	8	9	9	9
Azzurra Caltagirone, Non-Executive Director and Vice-Chairwoman	10	11	11	10	11
Edoardo Caltagirone, Non- Executive Director	10	10	11	10	11
Saverio Caltagirone, Non- Executive Director	10	12	12	11	78
Fabio Corsico, Non-Executive Director	234	236	210	11	9
Paolo Di Benedetto, Senior Non-Executive Independent Director, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	49	72	71	70	70
Chiara Mancini, Non-Executive Independent Director and Chairman of the Remuneration and Nomination Committee and Member of the Audit Committee	60	52	51	52	51
Veronica De Romanis, Non-Executive Independent Director, Chairman of the Audit Committee and Member of the Remuneration and Nomination Committee	60	52	52	51	52
Company Performance					
EBIT	157	152	153	141	95
Average fixed remuneration on a full-time equivalent basis of employees (€)					
Average fixed remuneration of employees	62,915	60,424	57,755	49,364	45,126

Internal pay ratio

The pay ratio of CEO compensation compared to the average employee compensation during 2020 is 85:1. In the previous year the ratio was 83:1.

This ratio consists of the CEO's total direct compensation during 2020 of EUR 5,325 thousand as reported in the Total direct compensation, pension and other benefits table in this appendix, compared to the average compensation of all employees. The average compensation of all employees was calculated from the numbers as reported in Note 24.

The average compensation of all employees is EUR 63 thousand representing the total cost of EUR 188,430 thousand per a total of 2,995 employees.

CONSOLIDATED FINANCIAL STATEMENTS 2020

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

(Before profit appropriation)

(EUR'000)	Note	31 december 2020	31 december 2019
ASSETS			
Intangible assets with a finite useful life	1	195,931	214,388
Intangible assets with an indefinite useful life (goodwill)	2	329,776	349,047
Property, plant and equipment	3	817,771	860,385
Investment property	4	79,242	90,602
Equity-accounted investments	5	4,308	3,879
Other equity investments	6	271	285
Non-current financial assets	9	576	1,643
Deferred tax assets	20	48,770	49,695
Other non-current assets	11	5,003	6,800
TOTAL NON-CURRENT ASSETS		**1,481,648**	**1,576,724**
Inventories	7	150,266	172,365
Trade receivables	8	155,065	150,475
Current financial assets	9	2,614	1,192
Current tax assets	10	6,126	5,172
Other current assets	11	23,095	29,218
Cash and cash equivalents	12	413,565	330,948
TOTAL CURRENT ASSETS		**750,731**	**689,370**
TOTAL ASSETS		**2,232,379**	**2,266,094**
EQUITY AND LIABILITIES			
Share capital		159,120	159,120
Share premium reserve		35,711	35,711
Other reserves		759,870	766,227
Profit (loss) attributable to the owners of the parent		102,008	83,569
Equity attributable to owners of the Parent	13	**1,056,709**	**1,044,627**
Reserves attributable to non-controlling interests		118,898	130,080
Profit (loss) attributable to non-controlling interests		7,355	6,860
Equity attributable to non-controlling interests	13	**126,253**	**136,940**
TOTAL EQUITY		**1,182,962**	**1,181,567**
LIABILITIES			
NON-CURRENT LIABILITIES			
Employee benefits	14	36,822	35,745
Non-current provisions	15	25,871	27,521
Non-current financial liabilities	17	162,469	515,772
Deferred tax liabilities	20	137,595	146,001
Other non-current liabilities	19	2,927	3,833
TOTAL NON-CURRENT LIABILITIES		**365,684**	**728,872**
Current provisions	15	4,576	15,733
Trade payables	16	225,937	219,025
Current financial liabilities	17	375,891	55,997
Current tax liabilities	18	17,892	15,423
Other current liabilities	19	59,437	49,477
TOTAL CURRENT LIABILITIES		**683,733**	**355,655**
TOTAL LIABILITIES		**1,049,417**	**1,084,527**
TOTAL EQUITY AND LIABILITIES		**2,232,379**	**2,266,094**

Consolidated income statement

(EUR'000)	Note	2020	2019
REVENUE	21	**1,224,793**	**1,211,828**
Change in inventories	7	(14,436)	5,798
Increase for internal work	22	6,417	6,436
Other income	22	16,025	19,330
TOTAL OPERATING REVENUE		**1,232,799**	**1,243,392**
Raw materials costs	23	(461,195)	(466,387)
Personnel costs	24	(188,430)	(184,897)
Other operating costs	25	(319,434)	(328,314)
EBITDA		**263,740**	**263,794**
Amortisation and depreciation	26	(104,223)	(106,483)
Additions to provision	26	(990)	(1,412)
Impairment losses	26	(1,354)	(4,156)
Total amortisation, depreciation, impairment losses and provisions		(106,567)	(112,051)
EBIT		**157,173**	**151,743**
Share of net profits of equity-accounted investees	27	571	310
Financial income	27	12,303	4,636
Financial expense	27	(23,519)	(25,654)
Net exchange rate losses	27	(3,970)	(4,387)
Net financial income (expense)	27	(15,186)	(25,405)
NET FINANCIAL INCOME (EXPENSE) AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED INVESTEES		**(14,615)**	**(25,095)**
PROFIT (LOSS) BEFORE TAXES		**142,558**	**126,648**
Income taxes	28	(33,195)	(36,219)
PROFIT FROM CONTINUING OPERATIONS		**109,363**	**90,429**
PROFIT (LOSS) FOR THE YEAR		**109,363**	**90,429**
Attributable to:			
Non-controlling interests		7,355	6,860
Owners of the Parent		**102,008**	**83,569**

(EUR)			
Earnings per ordinary share			
Basic earnings per share	29	0.641	0.525
Diluted earnings per share	29	0.641	0.525

(EUR)			
Earnings per ordinary share from continuing operations			
Basic earnings per share	29	0.641	0.525
Diluted earnings per share	29	0.641	0.525

Consolidated statement of comprehensive income

(EUR'000)	Note	2020	2019
PROFIT (LOSS) FOR THE YEAR		**109,363**	**90,429**
Other components of comprehensive income:			
Items that will never be reclassified to profit or loss for the year:			
Net actuarial gains (losses) on post-employment benefits	30	580	(7,118)
Taxes recognised in equity	30	(206)	1,855
Total items that will never be reclassified to profit or loss		**374**	**(5,263)**
Items that may be reclassified to profit or loss for the year:			
Foreign currency translation differences - foreign operations	30	(80,298)	(6,227)
Profit (losses) on derivatives	30	6,643	1,561
Taxes recognised in equity	30	(1,334)	39
Total items that may be reclassified to profit or loss		**(74,989)**	**(4,627)**
Total other comprehensive expense, net of tax		**(74,615)**	**(9,890)**
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR		**34,748**	**80,539**
Attributable to:			
Non-controlling interests		(5,404)	10,866
Owners of the Parent		**40,152**	**69,673**

Consolidated statement of changes in equity

(EUR'000)	Note	Share capital	Share premium reserve	**Other reserves**				Profit (loss) attributable to the owners of the parent	**Equity attributable to the owners of the parent**	Profit (loss) attributable to non-controlling interests	Reserves attributable to non-controlling interests	**Equity attributable to non-controlling interests**	**Total Equity**
				Legal reserve	Translation reserve	Hedge reserve	Retained earnings						
Equity at 1 January 2020	**13**	**159,120**	**35,710**	**-**	**(580,956)**	**(5,737)**	**1,352,921**	**83,569**	**1,044,627**	**6,860**	**130,080**	**136,940**	**1,181,567**
Allocation of 2019 profit (loss)		-	-	-	-	-	83,569	(83,569)	**-**	(6,860)	6,860	**-**	**-**
Distribution of 2019 dividends		-	-	-	-	-	(22,277)	-	**(22,277)**	-	(8,625)	**(8,625)**	**(30,902)**
Treasury share purchase		-	-	-	-	-	(4,543)	-	**(4,543)**	-	-	**-**	**(4,543)**
Total transactions with investors		**-**	**-**	**-**	**-**	**-**	**56,749**	**(83,569)**	**(26,820)**	**(6,860)**	**(1,765)**	**(8,625)**	**(35,445)**
Profit (loss) for the year		-	-	-	-	-	-	102,008	**102,008**	7,355	-	**7,355**	**109,363**
Change in translation reserve	30	-	-	-	(67,759)	-	-	-	**(67,759)**	-	(12,539)	**(12,539)**	**(80,298)**
Net actuarial gains	30	-	-	-	-	-	559	-	**559**	-	(185)	**(185)**	**374**
Gain on derivatives	30	-	-	-	-	5,344	-	-	**5,344**	-	(35)	**(35)**	**5,309**
Other comprehensive income (expense)		-	-	-	(67,759)	5,344	559	-	**(61,856)**	-	(12,759)	**(12,759)**	**(74,615)**
Total comprehensive income (expense)	**30**	**-**	**-**	**-**	**(67,759)**	**5,344**	**559**	**102,008**	**40,152**	**7,355**	**(12,759)**	**(5,404)**	**34,748**
Change in other reserves		-	-	-	-	-	(1,250)	**-**	**(1,250)**	-	3,342	**3,342**	**2,092**
Total other transactions		**-**	**-**	**-**	**-**	**-**	**(1,250)**	**-**	**(1,250)**	**-**	**3,342**	**3,342**	**2,092**
Equity at 31 December 2020	**13**	**159,120**	**35,710**	**-**	**(648,715)**	**(393)**	**1,408,979**	**102,008**	**1,056,709**	**7,355**	**118,898**	**126,253**	**1,182,962**

(EUR'000)	Note	Share capital	Share premium reserve	Other reserves				Profit (loss) attributable to the owners of the parent	**Equity attributable to the owners of the parent**	Profit (loss) attributable to non-controlling interests	Reserves attributable to non-controlling interests	**Equity attributable to non-controlling interests**	**Total Equity**
				Legal reserve	Translation reserve	Hedge reserve	Retained earnings						
Equity at 1 January 2019	**13**	**159,120**	**35,710**	**31,825**	**(570,236)**	**(7,337)**	**1,220,870**	**127,194**	**997,146**	**8,466**	**122,772**	**131,238**	**1,128,384**
Allocation of 2018 profit		-	-	-	-	-	127,194	(127,194)	**-**	(8,466)	8,466	**-**	-
Change in reserve due to conversion of the Company in Dutch NV	13	-	-	(31,825)	-	-	31,825	-	**-**	-	-	**-**	-
Distribution of 2018 dividends		-	-	-	-	-	(22,277)	-	**(22,277)**	-	(4,961)	**(4,961)**	**(27,238)**
Total transactions with investors		**-**	**-**	**(31,825)**	**-**	**-**	**136,742**	**(127,194)**	**(22,277)**	**(8,466)**	**3,505**	**(4,961)**	**(27,238)**
Profit (loss) for the year		-	-	-	-	-	-	83,569	**83,569**	6,860	-	**6,860**	**90,429**
Change in translation reserve	30	-	-	-	(10,720)	-	-	-	**(10,720)**	-	4,493	**4,493**	**(6,227)**
Net actuarial gains	30	-	-	-	-	-	(4,776)	-	**(4,776)**	-	(487)	**(487)**	**(5,263)**
Gain on derivatives	30	-	-	-	-	1,600	-	-	**1,600**	-	-	**-**	**1,600**
Other comprehensive income (expense)		-	-	-	(10,720)	1,600	(4,776)	-	**(13,896)**	-	4,006	**4,006**	**(9,890)**
Total comprehensive income (expense)	**30**	**-**	**-**	**-**	**(10,720)**	**1,600**	**(4,776)**	**83,569**	**69,673**	**6,860**	**4,006**	**10,866**	**80,539**
Change in other reserves		-	-	-	-	-	85	-	**85**	-	(203)	**(203)**	**(118)**
Total other transactions		**-**	**-**	**-**	**-**	**-**	**85**	**-**	**85**	**-**	**(203)**	**(203)**	**(118)**
Equity at 31 December 2019	**13**	**159,120**	**35,710**	**-**	**(580,956)**	**(5,737)**	**1,352,921**	**83,569**	**1,044,627**	**6,860**	**130,080**	**136,940**	**1,181,567**

* For 2019 financial statements the exposure of the Legal Reserve has been reclassified to retained earnings to be consistent with the separate financial statement. As part of the transformation from Cementir Holding SpA to Cementir Holding N.V. on 5 October 2019, Management aligned the equity composition.

Consolidated statement of cash flows

(EUR'000)	Note	31 december 2020	31 december 2019
Profit/(loss) for the year		**109,363**	**90,429**
Amortisation and depreciation	26	104,223	106,483
Net Reversals of impairment losses		(5,115)	(2,316)
Share of net profits of equity-accounted investees	27	(571)	(310)
Net financial income (expense)	27	15,186	25,405
Gains on disposals		1,204	(989)
Income taxes	28	33,195	36,219
Change in employee benefits		1,070	(2,355)
Change in provisions (current and non-current)		(12,440)	(1,196)
Operating cash flows before changes in working capital		**246,115**	**251,370**
(Increase) decrease in inventories		22,098	12,411
(Increase) decrease in trade receivables		(5,541)	12,470
Increase (decrease) in trade payables		7,500	(10,526)
Change in other non-current and current assets and liabilities		17,291	232
Change in current and deferred taxes		(2,988)	(2,207)
Operating cash flows		**284,475**	**263,750**
Dividends collected		-	-
Interest collected		3,337	3,779
Interest paid		(12,620)	(12,605)
Other net income (expense) collected (paid)		(3,078)	(7,487)
Income taxes paid		(37,898)	(32,366)
CASH FLOWS FROM OPERATING ACTIVITIES (A)		**234,216**	**215,071**
Investments in intangible assets		(6,847)	(5,595)
Investments in property, plant and equipment		(51,609)	(57,705)
Investments in equity investments and non-current securities		-	-
Proceeds from the sale of intangible assets		95	5
Proceeds from the sale of property, plant and equipment		3,229	2,886
Proceeds from the sale of equity investments and non-current securities		-	-
Proceeds from assets sold net of cash		-	-
Change in non-current financial assets		670	890
Change in current financial assets		(5,745)	2,424
Other changes in investing activities		-	(31)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)		**(60,207)**	**(57,126)**
Change in non-current financial liabilities	17	(13,505)	(14,954)
Change in current financial liabilities	17	(37,476)	(13,430)
Dividends distributed		(30,906)	(27,238)
Other changes in equity		2,359	(4,619)
CASH FLOWS USED IN FINANCING ACTIVITIES (C)		**(79,528)**	**(60,241)**
NET EXCHANGE RATE LOSSES ON CASH AND CASH EQUIVALENTS (D)		**(11,864)**	**630**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**82,617**	**98,334**
Opening cash and cash equivalents	12	**330,948**	**232,614**
Closing cash and cash equivalents	12	**413,565**	**330,948**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

On 28 June 2019, the Extraordinary Shareholders' Meeting approved the transformation of the company Cementir Holding SpA from a joint-stock company under Italian law into a Naamloze Vennootschap under Dutch law, consequent to the transfer of the registered office to Amsterdam (36, Zuidplein, 1077 XV). The transfer and transformation process was completed on 5 October 2019.

On that date the Board of Directors resolved to establish an operational and secondary headquarters in Rome, at Corso Francia 200. The company's tax residence remained in Italy. As part of this transformation, Management aligned the equity composition from the Italian Law requirements with the Dutch Civil Code requirements.

The company remained listed on the STAR segment of the Milan Stock Exchange.

Cementir Holding NV (the "Parent") and its subsidiaries make up the Cementir Holding Group (the "Group"), mainly active in the cement and ready-mixed concrete sector in Italy and around the world.

At 31 December 2020 shareholders holding shares exceeding 3% of share capital, as indicated in the book of shareholders, from communications received pursuant to Art. 5:28 of Financial Supervision Act and other information available, are:

1) Francesco Gaetano Caltagirone – 104,862,053 shares (65.901%). The shareholding is held as follows:
    - Direct ownership of 1,327,560 shares (0.834%)
    - Indirect ownership through the companies:
        - Calt 2004 Srl – 47,860,813 shares (30.078%)
        - Caltagirone SpA – 22,820,015 shares (14.341%)
        - FGC SpA – 17,585,562 shares (11.052%)
        - Gamma Srl – 5,575,220 shares (3.504%)
        - Pantheon 2000 SpA – 4,466,928 shares (2.807%)
        - Ical 2 SpA – 2,614,300 shares (1.643%)
        - Capitolium Srl – 2,604,794 shares (1.637%)
        - Vianini Lavori SpA – 6,861 shares (0.004%)
2) Francesco Caltagirone – 8,520,299 shares (5.355%). The above investment is held indirectly through the company Chupas 2007 Srl for 8,520,299 shares (5.355%).

On 9 March 2021, the Board of Directors approved these consolidated financial statements at 31 December 2020. The consolidated financial statements were authorised for issue by the Board of Directors on 10 March 2021.

Cementir Holding N.V. is included line-by-line in the consolidated financial statements of the Caltagirone Group. At the date of preparation of these consolidated financial statements, the ultimate Parent is FGC SpA due to the shares held via its subsidiaries.

The consolidated financial statements at 31 December 2020 include the financial statements of the Parent and its subsidiaries. The financial statements of the individual companies at the same date prepared by their directors were used for the consolidation.

Going Concern

The financial statement of the Group has been prepared on the basis of the going concern assumption.

Statement of compliance with the IFRS

These consolidated financial statements at 31 December 2020, drawn up on a going concern basis for the Parent and the subsidiaries, have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Section 2:362(9) of the Dutch Civil Code.

Certain parts of this annual report contain alternative indicators that are not financial performance or liquidity indicators under IFRS. These are commonly referred to as alternative (non-IFRS) performance indicators and include items such as earnings before interest, taxes, depreciation and amortisation (EBITDA) and earnings before income tax (EBIT). The Company calculates EBITDA before additions to provisions.

Basis of presentation

The consolidated financial statements at 31 December 2020 are presented in euros, the Parent's functional currency. All amounts are expressed in thousands of euros, unless indicated otherwise. The condensed interim consolidated financial statements consist of a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and these notes. The Group has opted to present these statements as follows:

- the statement of financial position presents current and non-current assets and liabilities separately;
- the income statement classifies costs by nature;
- the statement of comprehensive income presents the effect of gains and losses recognised directly in equity, starting from the profit or loss for the year;
- the statement of cash flows is presented using the indirect method.

The general criterion adopted is the historical cost method, except for items recognised and measured at fair value based on specific IFRS, as described below in the section on accounting policies.

The IFRS have been applied consistently with the guidance provided in the "Framework for the preparation and presentation of financial statements". The Group was not required to make any departures as per IAS 1.19.

In the financial statements, in addition to those specifically requested by IAS 1 and the other standards, when material, so as to show transactions with related parties separately or, in the case of the income statement, profits and losses on non-recurring or unusual transactions.

The Parent Cementir Holding N.V. has also prepared its separate financial statements at 31 December 2020 in accordance with EU-IFRS and with Section 2:362(9) of Dutch Civil Code, as defined above.

Standards and amendments to standards adopted by the Group

a) As of 1 January 2020, the Group has adopted the following new accounting standards:

- Changes to the "Conceptual Framework for Financial Reporting", which was endorsed by the EU on 6 December 2019 in Regulation No. 2075. The main changes compared to the 2010 version concern a new chapter on measurement, improved definitions and guidance, with specific regard to the definition of liabilities, and clarifications of important concepts, such as stewardship, prudence and measurement uncertainty. The amendments are applicable to annual reporting periods beginning on or after 1 January 2020.
- Amendments to IAS 1 and IAS 8: Definition of Material, which was endorsed by the EU on 10 December 2019 in Regulation No. 2014. The objective of the document is to refine and align the definition of "Material" in some IFRS, to ensure consistency with the new Conceptual Framework for Financial Reporting approved in March 2018 and endorsed by the EU on 6 December 2019. The amendments are applicable to annual reporting periods beginning on or after 1 January 2020.
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform, which was endorsed by the EU on 16 January 2020 in Regulation No. 34. The aim of the document is to enable reporting entities not to terminate hedging transactions until the interest-rate benchmark reform, which is still underway worldwide, has been completed. Specifically, the reform has created uncertainties about the timing and amount of future cash flows associated with certain financial instruments, with the consequent risk of having to terminate hedging relationships designated in accordance with IAS 39 or IFRS 9. According to IASB, terminating hedging relationships due to these uncertainties does not provide useful information to users of the financial statements; therefore, the document in question made specific amendments to IAS 39, IFRS 9 and IFRS 7, introducing temporary derogations from the application of the specific hedge accounting provisions of IFRS 9 and IAS 39, to be applied compulsorily to all hedging transactions directly impacted by the interest-rate benchmark reform. The amendments are applicable to annual reporting periods beginning on or after 1 January 2020.
- Amendment to IFRS 3 Business Combinations, which was endorsed by the EU on 21 April 2020 in Regulation No. 551. The document has introduced a much more restrictive definition of business than that contained in the previous IFRS 3 version, as well as a logical path to follow in order to establish whether a transaction is a "business combination" or simply an asset acquisition. The amendment must be applied to acquisitions as of 1 January 2020.
- Amendments to IFRS 16 Leases Covid-19 Related Rent Concessions: on 28 May 2020, the IASB published an amendment called "Covid-19 Related Rent Concessions (Amendment to IFRS 16)". The document provides for lessees the right to account for the reductions in rents related to the pandemic from Covid-19 without having to assess, through the analysis of the contracts, if the definition of lease modification of IFRS 16 has been respected. Therefore, lessees applying this right will be able to account for the effects of the reduction in rental fees directly in the income statement on the effective date of the reduction. The amendment is applicable to financial statements starting on 1 June 2020, with the possibility of early application on 1 January 2020.

The adoption of the new standards applicable from 1 January 2020 did not have any significant effects.

b) Accounting standards, amendments and interpretations not yet approved by the European Union:

At the date of approval of these consolidated financial statements, the IASB has issued certain standards, interpretations and amendments that the European Union has yet to endorse, some of which are still at the discussion stage. They include:

- On 18 May 2017, the IASB published the new IFRS 17 Insurance Contracts standard, which replaces the current IFRS 4. The new standard on insurance contracts aims to increase transparency on the sources and quality of profits made and to ensure high comparability of results, introducing a single revenue recognition principle that reflects the services provided. In addition, on 25 June 2020, the IASB published the document "*Amendments to IFRS 17*" which includes some amendments to IFRS 17 and the deferral of the entry into force of the new accounting standard to 1 January 2023.
- On 23 January 2020, the IASB published some amendments to IAS 1. The document "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" requires that a liability be classified as current or non-current based on the rights existing at the reporting date. In addition, it states that the classification is not affected by the entity's expectation that it will exercise its right to defer settlement of the liability. Finally, it clarifies that such settlement consists of the transfer of cash, equity instruments, other assets or services to the counterparty. The amendments should initially have entered into force from 1 January 2022, however the IASB, with a second document published on 15 June 2020, deferred their entry into force to 1 January 2023. Early application is permitted.
- On 14 May 2020, the IASB published the document "Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020" with the aim of making some specific improvements to these standards. The amendments are applicable to annual reporting periods beginning on or after 1 January 2022.
- Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16, and IAS 39, IAS 37 Interest Rate Benchmark Reform - Phase 2. On 27 August 2020, the IASB published some amendments regarding the following accounting standards:

  — IFRS 4 Insurance Contacts
  — IFRS 7 Financial Instruments Disclosures
  — IFRS 9 Financial Instruments
  — IFRS 16 Leases
  — IAS 39 Financial Instruments: Recognition and Measurement.

  All changes will take effect from 1 January 2021.

The potential impact of the accounting standards, amendments and interpretations to be applied in the future on the Group's financial reports is currently being studied and assessed. The standards are not expected to have a significant impact on the Group's consolidated financial statements.

Basis of consolidation

Consolidation scope

A list of the companies included in the scope of consolidation at 31 December 2020 is provided in annex 1.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationship. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Common control transactions

For transactions under common control the Group applies the 'book value accounting' method.
According to the book value accounting method, such transactions are to be recognised according to the book values of the consideration transferred. The difference between the consideration paid and the book value of the consideration transferred is recognised as financial income (surplus) or directly in equity (deficit).

Subsidiaries

The scope of consolidation includes the Parent, Cementir Holding NV, and the companies over which it has direct or indirect control. Subsidiaries subject to direct or indirect control include companies for which the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence of potential voting rights is considered when determining whether control exists.

Subsidiaries are consolidated from the date on which control is obtained until when control ceases to exist. The financial statements used for consolidation purposes have a reporting date of 31 December, i.e., the same as that of the consolidated financial statements. They are usually prepared specifically for the purpose and approved by the directors of the individual companies and adjusted, when necessary, to comply with the Parent's accounting policies.

Consolidation criteria

Subsidiaries are consolidated line-by-line. The criteria adopted for line-by-line consolidation are as follows:

- assets, liabilities, expense and income are consolidated line-by-line, attributing to non-controlling interests (when they exist) their share of equity and profit (loss) for the year, which is presented separately under equity and in the consolidated statement of comprehensive income;
- business combinations where the Parent acquires control of an entity are recognised using the acquisition method. The purchase cost is given by the fair value of the transferred assets, the liabilities assumed and equity instruments issued as at the acquisition date. The acquired assets, liabilities and contingent liabilities are recognised at fair value as at the date of acquisition. The difference between the purchase cost and the fair value of the acquired assets and liabilities is recognised as goodwill, if positive, or directly as income in the income statement, if negative;
- intragroup transactions and balances, including any unrealised profits with third parties arising on transactions with group companies, are eliminated, net of the related tax effect, if material. Unrealised losses are not eliminated if the transaction provides evidence of an impairment of the transferred asset;
- gains or losses on the sale of investments in consolidated companies are recognised in equity attributable to the owners of the Parent as owner transactions for the difference between the sales price and the related share of equity sold. If the sale leads to the loss of control and, therefore, the exclusion of the investee from the scope of consolidation, the difference between the sales price and the related share of equity is recognised as a gain or loss in the income statement.

Interests in joint arrangements

A joint arrangement is an agreement whereby two or more parties contractually have joint control of an "arrangement", i.e. when decisions about the relevant activities require the unanimous consent of the parties sharing control.

As regards the method of measurement and recognition in the financial statements, IFRS 11 sets out different approaches for:

- Joint Operations (JO): a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

- Joint Ventures (JV): a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The formulation of IFRS 11 as regards the distinction between JO and JV therefore depends upon the rights and obligations of the co-venturer in the joint arrangement, i.e. the substance of the arrangement and not its legal form.

As regards the presentation in the consolidated financial statements of JVs, IFRS 11 only requires then to be measured using the equity method, as described below.

As regards JOs, since the parties to the arrangement share the rights to the assets and assume the obligations for liabilities connected to the agreement, IFRS 11 requires each joint operator to recognise the pro-rata value of its share of the assets, liabilities, revenues and expense of the JO.

Associates

Associates are entities over which the Group has significant influence, which is assumed to exist when the investment is between 20% and 50% of the voting rights.

Investments in associates are measured using the equity method and are initially recognised at cost.

The equity method may be described as follows:

- the carrying amount of the investments equals the Group's share of the investees' equity and includes the recognition of any greater value attributable to the assets and liabilities and any goodwill identified at the acquisition date;
- the Group's share of profits or losses is recognised from the date that significant influence, or joint control, commences and until such significant influence or joint control ceases to exist. If an equity-accounted investee has a deficit due to losses, the carrying amount of the investment is cancelled and any remainder attributed to the Group, where the Group has a constructive or legal obligation to cover such losses, is recognised in a specific provision. Changes in the equity of the equity-accounted investee not related to its profit or loss for the year are offset directly against reserves;
- unrealised significant gains and losses on transactions between the Parent/subsidiaries and equity-accounted investees are eliminated to the extent of the Group's investment therein; unrealised losses are eliminated, unless they represent an impairment loss.

Accounting policies

Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance. They are a resource, controlled by an entity, from which future economic benefits are expected to flow. They are recognised at cost, including any directly related costs necessary for the asset to be available for use.

Upon initial recognition, the Group determines the asset's useful life. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash inflows for the Group. Useful life is reviewed annually and any changes, if necessary, are applied prospectively.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and the gain or loss (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the income statement in the year of its derecognition.

Intangible assets with a finite useful life are recognised net of accumulated amortisation and any impairment losses determined using the methods set out below. Amortisation begins when the asset is available for use and is allocated systematically over its residual useful life. Amortisation is determined in the period in which the intangible asset becomes available for use when it actually becomes available for use.

The estimated useful life of the main items of intangible assets with a finite useful life is reported below:

	Useful life intangible assets finite useful life
- Development expenditure	5
- Concessions, licences and trademarks	4-18-30
- Other intangible assets, of which:	5-22
- Customer list	15-20

Intangible assets with an indefinite useful life are those assets for which, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate inflows for the Group. They are initially recognised at cost, determined using the same methods indicated above for intangible assets with a finite useful life. They are not amortised but are tested for impairment annually or more frequently, if specific events suggest that they may be impaired, using the methods set out below for goodwill. Any impairment losses are reversed when the reasons therefore no longer exist.

Goodwill [intangible assets with an indefinite useful life]

In the case of an acquisition of a subsidiary, the acquired identifiable assets, liabilities assumed and contingent liabilities are recognised at their fair value as at the date of acquisition. Any positive difference between the purchase cost and the Group's share of fair value of these assets and liabilities is recognised as goodwill under intangible assets. Any negative difference (negative goodwill) is recognised in the income statement at the acquisition date. Goodwill is not amortised after initial recognition but is tested for impairment annually or more frequently whenever there is an indication that it may be impaired. Impairment losses on goodwill are not reversed.

Emission rights [Intangible assets with a finite useful life]

In relation to atmospheric emission rights (or CO_2), it should be noted that the accounting treatment of atmospheric emission rights (CO_2) is not expressly governed by IFRS. In relation to emission rights, the initial accounting among intangible assets takes place at fair value according to the "cap and trade scheme", while subsequent accounting follows the "cost model" criterion; Emission rights recognised under intangible assets are amortised on straight-line basis. At the end of each reporting period, if production requires a greater number of CO_2 allowances than those available in the register, the Group sets up a provision for risks and charges for the fair value of the number of allowances to be purchased subsequently on the market.

Property, plant and equipment

Property, plant and equipment are recognised at their acquisition or construction cost, including directly attributable costs required to make the asset ready for the use for which it was purchased, increased by the present value of the estimated cost of dismantlement or removal of the asset, if the Group has an obligation in this sense.

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalised as part of the asset's cost until the asset is ready for its intended use or sale.

Ordinary and/or regular maintenance and repair costs are expensed when incurred. Costs to extend, upgrade or improve group-owned assets or assets owned by third parties are capitalised only when they meet the requirements for their separate classification as assets or a part of an asset, using the component approach.

Property, plant and equipment are recognised net of accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the asset's estimated useful life, which is reviewed annually. Any necessary changes to its useful life are applied prospectively. Quarries are depreciated considering the quantities extracted in the period compared to the quantity extractable over the quarry's useful life (extracted/extractable criterion). When the Group has a specific commitment to do so, it recognises a provision for site restoration costs.

The estimated useful life of the main items of property, plant and equipment is reported below:

	Useful life of property, plant and equipment
Quarries	Extracted/extractable
Production plants	10-20 years
Other plants (not production):	
- Industrial buildings	18-20 years
- Light construction	10 years
- Generic or specific plant	8 years
- Sundry equipment	4 years
- Transport vehicles	5 years
- Office machines and equipment	5 years

The above time brackets, which show the minimum and maximum number of years, reflect the existence of components with different useful lives in the same asset category.

Land, whether free of construction or part of civil or industrial buildings, is not depreciated as it has an indefinite useful life.

If the asset to be depreciated consists of separate identifiable components with different useful lives, they are depreciated separately using the component approach.

Property, plant and equipment are derecognised at the time of sale or when no future economic benefits are expected from their use. The related gain or loss (calculated as the difference between the net disposal proceeds and related carrying amount) is recognised in the income statement in the year of derecognition.

Leases

Identifying a lease

The company checks whether a contract contains a lease at the inception date (the earlier of the date of the lease agreement and the date of commitment by the parties to the terms of the contract) and subsequently each time the terms and conditions of the contract are changed. A contract is, or represents, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract contains or represents a lease, the company:

- assesses whether it has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- verifies whether the contract refers to the use of a specified asset, explicitly or implicitly, physically distinct or representing substantially all the capacity of a physically distinct asset. If the supplier has the substantive substitution right, the asset is not identified;
- verifies whether it has the right to direct the use of the asset. The company maintains that it has this right when it has the rights to make the most significant decisions to change the method and purpose of using the asset.

For contracts containing more than one lease and non-lease component and therefore falling under other accounting standards, the individual components to which the respective accounting standards apply must be separated out.

The lease term begins when the lessor makes the asset available to the lessee (commencement date) and is determined by reference to the non-cancellable period of the contract, i.e. the period during which the parties have legally enforceable rights and obligations, also including rent-free periods. The term can be extended by:

- the period covered by an option to renew the contract ("renewal option"), when the company is reasonably certain that it will exercise that option;
- the periods after the date of termination ("termination option"), when the company is reasonably certain that it will not exercise that option.

Termination options held only by the lessor are not considered.

The reasonable certainty of whether or not to exercise an option to extend or terminate the contract is verified by the company on the commencement date, considering all the facts and circumstances that give rise to an economic incentive to exercise or not to exercise the option, and is subsequently reviewed whenever significant events occur or changes in circumstances that could affect the decision, which are under the control of the company.

Lease accounting

At the effective date of the lease, the company recognises the right of use (RoU) asset and the lease liability.

The right of use asset is initially measured at cost, including the amount of the initial measurement of the lease liability, adjusted for lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred by the lessee for the dismantlement and removal of the underlying asset or restoring the underlying asset or the site where it is located, net of any lease incentives received.

The lease liability is measured at the present value of the lease payments that are not paid at that date. For discounting purposes, the company uses the implicit interest rate of the lease when possible - and if it can be inferred from the contract - or alternatively the incremental borrowing rate (IBR). The lease payments included in the measurement of the liability include fixed payments, variable payments that depend on an index or rate, amounts expected to be paid as a residual value guarantee, the exercise price of a purchase option (which the company has reasonable certainty that it will exercise), payments due during an optional renewal period (if the company is reasonably certain that it will exercise the renewal option) and penalties for early termination (unless the company is reasonably certain that it will not terminate the lease early).

Subsequently, the right of use asset is amortised on a straight-line basis over the entire term of the contract, unless the contract provides for the transfer of ownership at the end of the lease term or the cost of the lease reflects the fact that the lessee will exercise the purchase option. In the latter case, the amortisation period must be the shorter of the useful life of the asset and the term of the contract. The estimated useful lives of right of use assets are calculated according to the same approach applied to the associated asset. In addition, the value of the right of use asset is reduced by any impairment losses and adjusted to reflect the re-measurement of the lease liability.

Subsequent to initial measurement at the commencement date, lease liabilities are measured at amortised cost using the effective interest criterion and is remeasured in the event of a change in future lease payments deriving from a change in the index or rate, in the event of a change in the amount that the company expects to pay as a residual value guarantee or when the company changes its measurement as a result of the exercise or non-exercise of a purchase, extension or termination option. When the lease liability is remeasured, the lessee makes a corresponding change to the right of use asset. If the carrying amount of the right of use asset is reduced to zero, the change is recognised in profit/(loss) for the period.

In the statement of financial position, the company recognises right of use assets under assets, within the same line item as that within which the corresponding assets would be presented if they were owned; lease liabilities are recognised under financial liabilities. In the income statement, interest expense on lease liabilities is a component of financial expenses and shown separately from the amortisation of right of use assets.

Lessor

Identifying a lease

At the commencement date of the contract and, subsequently, each time the contractual terms and conditions are amended, the company classifies each of the leases in which it acts as lessor as a finance or operating lease. To this end, the company make a general assessment as to whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. In this case, the lease is classified as a finance lease, otherwise as an operating lease. As part of this assessment, the company considers - among the various indicators - whether the lease term covers most of the economic life of the underlying asset and/or whether or not there are reasonably exercisable purchase options.

For contracts containing a lease component and one or more additional lease or non-lease components, the company allocates the consideration in the contract applying IFRS 15.

Lease accounting

The company recognises assets held under a *finance* lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The company uses the interest rate implicit in the lease to measure the net investment in the lease, defined in such a way that the initial direct costs are included. The company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease.

Financial income is recognised over the lease term on a systematic basis.

In the case of operating leases, the company recognises the payments received as income on a straight-line basis over the lease term under “other revenue from sales and services”.

Subleases

As regards subleases, the company, as intermediate lessor, classifies its share of the head lease separately from the sublease. To this end it classifies the sublease by reference to the right of use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease that the company has accounted for applying the exemption allowed for by the standard and discussed below, the sublease is classified as an operating lease. In the presence of subleases, the head lease is never considered to be of low value.

Investment property

Investment property is initially measured at cost and subsequently at fair value; any gain or loss in fair value is recognised in the income statement under other revenue or other operating costs respectively. The investment property held to earn rentals or for capital appreciation is not depreciated.

Fair value is calculated on the basis of the following methods, depending on the type of investment:

- market value approach based on an analysis of a sample of recent sales of similar properties located in the nearby area. The resulting amount is then adjusted to account for the particular features of the building or land (level 2);
- projection of discounted cash flows based on reliable estimates of future cash flows supported by payments under lease and/or other existing contracts (level 3).

Impairment losses

At each reporting date, the Group assesses whether events or changes in circumstances exist suggesting that the carrying amount of intangible assets or property, plant and equipment may not be recovered. If any such indication exists, the Group determines the asset's recoverable amount. If the carrying amount exceeds the recoverable amount, the asset is impaired and written down to reflect its recoverable amount. The recoverable amount of goodwill and other intangible assets with an indefinite life is estimated at each reporting date or whenever changes in circumstances or specific events make it necessary.

The recoverable amount of property, plant and equipment and intangible assets is the higher of their fair value less costs to sell and their value in use, which is the present value of the future cash flows expected to be derived from an asset or a cash-generating unit to which the asset belongs, in the case of assets that do not independently generate largely separate cash flows.

When defining value in use, the future cash flows are discounted using a pre-tax rate that reflects the current market estimate of the time value of money and specific risks of the asset.

Impairment losses are recognised in the income statement when the carrying amount of the asset or related cash-generating unit (CGU) to which it is allocated is higher than its recoverable amount. Impairment losses on CGUs are firstly used to decrease the carrying amount of any goodwill allocated thereto and subsequently the other assets, in proportion to their carrying amounts. When the reason for an impairment loss on property, plant and equipment and intangible assets other than goodwill no longer exists, the carrying amount of the asset is increased through profit or loss to the carrying amount the asset would have had, had the impairment loss not been recognised and depreciation/amortisation charged.

If the impairment loss is higher than the carrying amount of the tested asset allocated to the CGU to which it belongs, the remaining amount is allocated to the assets included in the CGU in proportion to their carrying amounts. This allocation has as a minimum limit the higher amount of:

- the fair value of the asset, net of costs to sell;
- the value in use, as defined above;
- zero.

Impairment losses are recognised in the income statement under amortisation, depreciation and impairment losses.

Discontinued operations and non-current assets held for sale

Non-current assets (or disposal groups) whose carrying amount will mainly be recovered through their sale and not with their continued use are classified as held for sale and presented separately from other assets and liabilities in the statement of financial position. For that to occur, the asset (or disposal group) must be available for immediate sale in its present condition, subject to terms that are used and customary for the sale of such assets (or disposal groups) and its must be highly probable within one year. If these criteria are met after the reporting date, the non-current asset (or disposal group) is not classified as held for sale. However, if those conditions are met after the reporting date but before authorisation to publish the financial statements, suitable information is provided in the Notes.

Non-current assets (or disposal groups) classified as held for sale, are recognised at the lower of their carrying amount between book value and relative fair value, less costs to sell; the comparative prior year-end captions are not reclassified. A discontinued operation is a component of a company that has either been disposed of or classified as held for sale and:

- represents a major line of business or geographical area of operations;
- is part of a coordinated disposal plan for a major activity branch or geographical area of operations or is a subsidiary acquired solely to be resold.

The profit or loss discontinued operations - whether disposed of or classified as held for sale and in the process of being disposed of - are shown separately in the income statement, net of tax effects. The corresponding amounts for the previous year, where present, are reclassified and shown separately in the income statement, net of tax effects, for comparative purposes.

Inventories

Raw materials, semi-finished products and finished goods are recognised at cost and measured at the lower of cost and net realisable value. Cost is determined using the weighted average cost method and includes any ancillary costs. In order to determine net realisable value, the carrying amount of any obsolete or slow-moving inventories is written down to reflect their future utilisation/net realisation by recognising an allowance for inventory write-down.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification and measurement

Financial assets are classified in three main categories: at amortised cost, at the fair value recognised in the other components of the comprehensive income statement (FVOCI) and at the fair value recognised in the profit/(loss) for the year (FVTPL). The categories established by IAS 39, that is, held till expiry, loans and credits and held for sale, were eliminated.

Financial assets relating to commodity swaps are always recognised at fair value.

If the instrument is held for trading purposes, the changes in fair value must be recognised in the income statement. Whereas, for all the other investments, the company can decide, at the initial recognition date, to subsequently recognise all changes to fair value in the other components of the comprehensive income statement (OCI), exercising the FVTOCI option. In that case, amounts accumulated in the OCI will never be attributed to profit/(loss) for the year even if the investment is removed from accounts. Application of the "FVTOCI" option is irrevocable and reclassifications between the three categories are not permitted.

Related to classification of financial assets represented by RECEIVABLES AND CERTIFICATES OF INDEBTEDNESS, two elements need to be considered:

1. the business model adopted by the company. Specifically:

- *Held to Collect* (HTC), model aimed at owning the financial assets to collect contractual flows;
- Held To Collect and Sale (HTC&S), model aimed at both collecting contractual flows resulting from the financial assets and to sell the financial asset itself;
- other different business models to the two previous ones.

2. the characteristics of the contractual cash flow coming from the financial instrument. More specifically, checking whether those contractual cash flows are solely represented by payment of capital and interest or include other components. This control is called SPPI Test (Solely Payment of Principal and Interest Test).

A financial asset represented by a certificate of indebtedness can be classified in the following categories:

1) Amortised cost when:

a. the instruments' contractual cash flows are solely represented by payment of capital and interest (SPPI Test passed); and

b. the business model adopted by the company foresees that the latter only holds the financial asset to collect the contractual cash flows (HTC business model).

In this category, financial instruments are initially recognised at fair value, including operating costs, and are then valued at amortised cost. Interest (calculated using the effective interest criterion as in the previously in force IAS 39), losses (and recovery of losses) for reduced value, profits/(losses) on exchange and profits/(losses) resulting from elimination from accounts are recognised in profit/(loss) of the year.

2) Fair Value Through Other Comprehensive Income (FVTOCI) when:

a. the instruments' contractual cash flows are solely represented by payment of capital and interest (SPPI Test passed); and

b. the business model adopted by the company foresees that the latter holds the financial asset to collect the contractual cash flows and the cash flows generated by sales (HTC&S business model).

In that category the financial instruments classified are initially recognised at fair value, including operating costs.

Interest (calculated using the effective interest criterion as in the previously in force IAS 39), losses/(profits) for reduced value, profits/(losses) on exchange are recognised in profits/(losses) for the year. Other changes to the fair value of the instrument are recognised amongst the other comprehensive income statement components (OCI). When the instrument is deleted from accounts, all profits/(losses) accumulated to OCI will be reclassified in the profit/(loss) for the year.

3) Fair Value Through Profit Or Loss secondarily, that is when:

a. the criteria described above are not complied with or;

b. when the fair value option is exercised.

Financial instruments classified in that category are initially and subsequently recognised at fair value. Operation costs and the changes in fair value are recognised in the profit/(loss) for the year.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

The rights to receive cash flows from the asset have expired

Or

• The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Losses for reduction in value

The ‘expected credit loss’ model (or ‘ECL’ model) assumes a significant valuation level due to the impact of economic factor changes on the ECL which are weighted based on probability.

The new loss for reduction in value model applies to financial assets valued at amortised cost or at FVOCI, except for the credit instruments and assets resulting from contracts with customers.

Funds hedging credits are valued using the following approaches: the “General deterioration method” and the ”Simplified approach”; specifically:

- The “General deterioration method” requires classification of the financial instruments included in the scope of IFRS 9 application in three stages. The three stages reflect the credit’s quality deterioration level, from when the financial instrument is acquired, and imply a different ECL calculation method;
- The “Simplified approach” foresees adoption of some simplifications for trade credits, contract assets and credits resulting from leasing contracts, in order to avoid that companies be obliged to monitor changes to the credit risk, as foreseen by the general model. Recognition of the loss applying the simplified approach must be lifetime, therefore the allocation stage is not required. Therefore, for that type receivables are divided into uniform clusters; the reference parameters (PD, LGD, and EAD) used to calculate the lifetime expected credit losses are then calculated for each cluster using the information available.

In cases where the General Deterioration Method is applied, as was said, financial instruments are classified in three stages based on deterioration of the credit quality between the date of initial recognition and that of valuation:

- Stage 1: includes all financial assets being considered when they are first recognised (Initial recognition date) regardless of the qualitative parameters (e.g.: rating) and except for situations with objective evidence of impairment. In the subsequent valuation stage, all financial instruments that have had a significant increase in credit risk compared to initial recognition or that have a low credit risk at the reference date remain in stage 1 For those assets, credit losses for the next 12 months (12-month ECL) are recognised, considering the possibility that default could occur in the next 12 months. The interest on financial instruments included in stage 1 is calculated on the book value gross of any asset impairment losses;
- Stage 2: includes financial instruments that have had a significant increase in credit risk compared to the initial recognition Date, but no objective evidence of impairment. Solely expected credit losses resulting from all possible default events are recognised for those assets; for the entire expected lifetime of the financial instrument (Lifetime ECL). The interest on financial instruments included in stage 2 is calculated on the book value gross of any asset impairment losses;
- Stage 3: includes financial assets with objective evidence of impairment at the Date of valuation. Solely expected credit losses resulting from all possible default events, for the entire expected lifetime of the financial instrument, are recognised for those assets.

Financial liabilities

Classification and measurement

Financial liabilities, related to loans and borrowings, trade payables and other obligations to pay, are initially recognised at fair value, net of directly related costs. They are subsequently measured at amortised cost, using the effective interest method. If there is a change in the estimated future cash flows and they can be determined reliably, the carrying amount of the liability is recalculated to reflect this change based on the present value of the new estimated future cash flows and the initially determined internal rate of return.

Financial liabilities are classified as current liabilities, unless the Group has the unconditional right to defer their payment for at least 12 months after the reporting date.

Derecognition

Financial liabilities are derecognised when they are extinguished, and the Group has transferred all the risks and obligations related to them.

Derivatives

In line with IFRS 9, in the first application stage, the Group has decided to avail itself of the possibility to still apply the hedge accounting provisions foreseen by IAS 39. So, provisions regarding derivative financial instruments have remained the same.

The Group uses derivatives to hedge the risk of fluctuations in exchange rates, interest rates and market prices.

All derivatives are measured and recognised at fair value.

Transactions that meet requirements for the application of hedge accounting are classified as hedging transactions. Other transactions are designated as trading transactions, even when their purpose is to manage risk. Therefore, as some of the formal requirements of IFRS were not met at the derivative agreement date, changes in their fair value are recognised in the income statement.

Subsequent fair value gains or losses on derivatives that meet the requirements for classification as hedging instruments are recognised using the criteria set out below.

A derivative qualifies for hedge accounting if, at the inception of the hedge, there is formal designation and documentation of the hedging relationship, including the entity's risk management objective and strategy for undertaking the hedge as well as methods to test effectiveness. The hedge's effectiveness is assessed at inception and over the life of the hedge. Generally, a hedge is considered to be highly effective if, both upon inception and over its life, changes in the fair value (fair value hedges) or estimated cash flows (cash flow hedges) of the hedged item are substantially covered by changes in the fair value of the hedging instrument.

When the hedge relates to changes in the fair value of a recognised asset or liability (fair value hedge), changes in the fair value of both the hedging instrument and the hedged item are recognised in the income statement.

In the case of cash flow hedges (hedging designated to offset the risk of changes in cash flows generated by the future performance of contractually defined obligations at the reporting date), changes in fair value of the derivative recognised after its initial recognition are recognised under reserves (in equity) for the effective part only. When the economic effects of the hedged item arise, the reserve is reversed to the income statement under operating income (expense). If the hedge is not perfectly effective, changes in the fair value of the hedging instrument, related to the ineffective portion, are immediately recognised in the income statement. If, during the life of a derivative, the estimated cash flows hedged are no longer highly probable, the portion of the reserves related to that instrument is immediately reversed to the income statement. Conversely, if the derivative is sold or no longer qualifies as an effective hedging instrument, the part of the reserves representing the fair value changes in the instrument, accumulated to date, is maintained in equity and reversed to the income statement using the above classification method when the originally hedged transaction takes place.

The fair value of financial instruments was calculated used pricing techniques in order to define the present value of future cash flows attributable to such instruments, using market curves in place at the measurement date. Furthermore, the component related to the risk of non-compliance (by the Group and the counterparty) was measured using yield-curve spreads.

Treasury shares

The cost of an entity's own equity instruments that it has reacquired ('treasury shares') is deducted from equity. Gain or loss is not recognised on the purchase, sale, issue, or cancellation of treasury shares. Treasury shares may be acquired and held by the entity or by other members of the consolidated group. Consideration paid or received is recognised directly in equity.

Cash and cash equivalents

Cash and cash equivalents are recognised at fair value and include bank deposits and cash-on-hand, i.e., short-term, highly liquid assets that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Employee benefits

Liabilities for employee benefits paid at or after termination of employment related to defined benefit plans, net of any plan assets, are determined using actuarial assumptions, estimating the amount of future benefits accrued by employees at the reporting date. They are recognised on an accruals basis over the period in which the employees' rights accrue. Defined benefit plans also include the post-employment benefits (TFR) due to employees[1] pursuant to Art. 2120 of the Italian Civil Code for benefits vested up to 31 December 2006. Following pension law reform, postemployment benefits accruing since 1 January 2007 are compulsorily transferred to a supplementary pension fund or the special treasury fund set up by INPS (the Italian social security institution) depending on which option the employee has chosen. Therefore, the Group's liability for defined benefits owing to employees solely relates to those vested up to 31 December 2006.

Accounting policies adopted by the Group[1] since 1 January 2007 (described below) comply with the prevailing interpretation of the new legislation and follow the accounting guidance provided by relevant professional bodies. Specifically:

- post-employment benefits accruing since 1 January 2007 are considered to be *defined contribution plans*, including when the employee has opted to transfer the benefits to the INPS treasury fund. These benefits, determined in accordance with Italian Civil Code requirements, are not subjected to actuarial evaluation and are recognised as personnel expense.
- post-employment benefits vested up to 31 December 2006 continue to be recognised as a company liability for defined benefit plans. This liability will not increase in the future through additional accruals. Therefore, unlike in the past, the actuarial calculation used to determine the 31 December 2016 balance did not include future salary increases.

Independent actuaries calculate the present value of the Group's obligations using the projected unit credit method. They project the liability into the future to determine the probable amount to be paid when the 6 For Italian companies. employment relationship terminates and then discount it to consider the time period before the first effective payment. This calculation includes post-employment benefits accrued for past service and uses actuarial assumptions, mainly based on interest rates, which reflect the market yield on high quality corporate bonds with a term consistent with that of the Group's obligation and employee turnover rate.

Actuarial gains and losses, defined as the difference between the carrying amount of the liability and the present value of the Group's obligations at the reporting date, due to changes in the actuarial assumptions previously used (see above), are recognised directly in other comprehensive income.

Provisions for risks and charges

These provisions cover certain or probable risks and charges identified, whose due date or amount is unknown at the reporting date.

[1] Relating to Italian companies.

Accruals to provisions for risks and charges are recognised when the company has a constructive or legal obligation at the reporting date as a result of a past event and it is likely that an outflow of resources will be necessary to settle the obligation and the amount of this outflow can be estimated reliably. When the time value of money is material and the payment dates can be estimated reliably, the provision is discounted. Increases in the provision due to the passage of time are recognised as a financial expense. The Group sets up a specific provision when it has an obligation to dismantle and restore sites (e.g., quarries), thus increasing the carrying amount of the related asset pursuant to IFRIC 1.

Revenue from contracts with customers

The Group is in the business mainly of producing and distributing cement, ready-mixed concrete, aggregates and related services. Revenue from contracts with customers is recognised at the point in time when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. For standard sale of products, control generally passes to the customer at the time the product is delivered and accepted, depending on the delivery conditions and incoterms. The Group has generally concluded that it is the principal in its revenue arrangements.

The transaction price may be variable due to discounts, rebates or similar arrangements. Revenue is only recognised for the part of the consideration for which it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Sale of services

The Group is providing mainly transport services which are recognised at the time the service is provided.

Financial income and expense

Financial income and expense are recognised on an accruals basis considering the interest accrued on the carrying amount of the related financial assets and liabilities using the effective interest rate, i.e., the interest rate that matches the cash inflows and outflows of a specific transaction. Reference should be made to the section on property, plant and equipment for the treatment of capitalised borrowing costs.

Dividends

Dividends are recognised when the shareholders' right to receive them is established. This usually takes place at the date of the shareholders' resolution to distribute the dividends. Therefore, distribution is recognised as a liability in the period in which the shareholders approve it.

Income taxes

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax assets and liabilities are calculated on temporary differences between the carrying amounts of assets and liabilities and their tax base, except for goodwill, applying the tax rates expected to be enacted in the years in which the temporary differences will be recovered or settled. Deferred tax assets are recognised when their recovery is probable, i.e., when taxable profits sufficient to allow recovery are foreseen for the future. Recoverability is reviewed at the end of each reporting period.

Current and deferred income taxes are recognised in the income statement except for those related to items directly recognised in other comprehensive income. Other current and deferred income taxes are offset when the income taxes are applied by the same tax authority, there is a legal right to offset and payment of the net balance is expected.

Other non-income taxes, such as property taxes, are recognised under other operating costs.

Earnings per share

(i) Basic: basic earnings per share are calculated by dividing the Group's profit by the weighted average number of shares outstanding during the year, excluding treasury shares.

(ii) Diluted: diluted earnings per share are calculated by dividing the Group's profit by the weighted average number of shares outstanding during the year, excluding treasury shares. The weighted average is adjusted assuming that all potential shares with diluting effects have been converted. Diluted earnings per share are not calculated if the Group makes a loss, as any dilutive effect would lead to an improvement in the earnings per share.

Transactions in currencies other than the functional currency

All transactions in currencies other than the functional currency of individual group companies are recognised at the exchange rate applicable at the transaction date.

Monetary assets and liabilities in currencies other than the functional currency are subsequently retranslated using the closing rate. Any resulting exchange rate gains or losses are recognised in the income statement.

Non-monetary assets and liabilities denominated in a currency other than the functional currency are recognised at historical cost and converted using the exchange rate in force at the date the transaction was first recognised.

Non-monetary assets and liabilities recognised at fair value are translated using the exchange rate in force at the date fair value was determined.

Translation of financial statements of foreign operations

The financial statements of subsidiaries, associates and joint ventures are prepared using the currency of the primary economic environment in which they operate (the functional currency).

The financial statements of group companies operating outside the eurozone are translated into euros using the closing rate for the statement of financial position items and the average annual rate for the income statement items if no major fluctuations are detected in the reference period, in which case the exchange rate on the date of the transaction applies. Translation differences arising on the adjustment of opening equity at the closing spot rates and the differences arising from the different methods used to translate profit for the year are recognised in equity through the statement of comprehensive income and shown separately in a special reserve.

When a foreign operation is sold, the translation differences accumulated in the specific equity reserve are reclassified to profit or loss.

The main exchange rates used in translating the financial statements of companies with functional currencies other than the euro are as follows:

	31 December 2020	Average 2020	31 December 2019	Average 2019
Turkish lira – TRY	9.11	8.05	6.68	6.36
US dollar – USD	1.23	1.14	1.12	1.12
British pound – GBP	0.90	0.89	0.85	0.88
Egyptian pound – EGP	19.20	17.94	17.92	18.80
Danish krone – DKK	7.44	7.45	7.47	7.47
Icelandic krona – ISK	156.10	154.59	135.80	137.28
Norwegian krone – NOK	10.47	10.72	9.86	9.85
Swedish krona – SEK	10.03	10.48	10.45	10.59
Malaysian ringgit – MYR	4.93	4.80	4.60	4.64
Chinese renminbi yuan – CNY	8.02	7.87	7.82	7.74

Use of estimates

The preparation of consolidated financial statements requires management to use accounting policies and methods that are sometimes based on difficult and subjective judgements, estimates based on past experience and assumptions that are considered reasonable and realistic in the circumstances. The application of these estimates and assumptions affects the amounts presented in the financial statements and disclosures. The actual results for which these estimates and assumptions were used may differ due to the uncertainties that characterise the assumptions and the conditions on which the estimates were based.

The accounting policies and financial statements items that require greater subjective judgement by management when making estimates and for which a change in the conditions underlying the assumptions could have a significant impact on the Group's consolidated financial statements are the following:

- *Intangible assets with an indefinite life:* goodwill is tested for impairment annually to identify any impairment losses to be recognised in the income statement. Specifically, testing entails the calculation of the recoverable amount of the CGUs to which goodwill is allocated by estimating the related value in use or fair valueless costs to sell; if the recoverable amount is lower than the CGUs' carrying amount, the goodwill allocated to it is impaired. Allocation of goodwill to the CGUs and determination of their fair value involves the use of estimates that rely on factors that may change over time, with potentially significant effects compared to the valuations made by management.
- *Impairment losses on non-current assets:* in accordance with the Group's accounting policies, property, plant and equipment and intangible assets with a finite life are tested for impairment when indicators exist showing that recovery of the relative carrying amount through the assets' use is unlikely. Management makes use of subjective judgments based on information available within the Group and on the market as well as past experience to check the existence of these indicators. If there is indication of impairment, the Group determines impairment using valuation techniques deemed suitable. The correct identification of impairment indicators and the estimates used to determine impairment rely on factors that may vary over time, affecting management's judgement and estimates.

- *Amortisation and depreciation of non-current assets:* amortisation and depreciation are significant costs for the Group. The cost of property, plant and equipment is depreciated systematically over the assets' estimated useful life. The estimated useful life of the Group's assets is determined by management when the asset is purchased, on the basis of past experience of similar assets, market conditions and expectations about future events that could impact the assets' useful life, such as technological change. As such, effective useful life may differ from estimated useful life. The Group regularly assesses technological and sector changes, dismantlement costs and the recoverable amount to update useful life. This regular update could lead to a change in the depreciation period and, therefore, the amount of depreciation in future years. Management regularly reviews the estimates and assumptions and the effects of each change are recognised in the income statement. When the review affects current and future years, the change is recognised in the year in which it is made and in the related future years, as explained in more detail in the next section.
- *Purchase price allocation:* as part of business combinations, the identifiable assets purchased and the liabilities assumed are recognised in the consolidated financial statements at fair value on the acquisition date, through a Purchase price allocation process, against the consideration transferred to acquire the control of a company, which corresponds to the fair value of the assets acquired and the liabilities assumed, as well as of capital instruments issued. During the measurement period, the calculation of the aforementioned their values requires Directors to make estimates on the information available on all facts and circumstances that exist on the acquisition date and may affect the value of the acquired assets and assumed liabilities.
- *Estimate of the fair value of investment property:* at each reporting data investment property is measured at fair value and is not subject to depreciation. When determining their fair value, the Directors based their valuation on assumptions about the trend of the reference real estate market in particular. Such assumptions may vary over time, influencing evaluations and forecasts to be performed by the Directors.
- *Provisions*: for recognition and measurement of provisions and contingencies key assumptions about the likelihood and magnitude of an outflow of resources; as described in the accounting policies Provision for risks and charges, Property, plant and equipment and Emission rights.

Changes in accounting policies, errors and changes in estimates

The Company modifies the accounting policies adopted from one reporting period to another only if the change is required by a standard or contributes to providing more reliable and relevant information about the effects of transactions on the company's financial position, performance and cash flows.

Changes in accounting policies are recognised retrospectively in the opening balance of each affected component of equity for the earliest prior period presented. Other comparative amounts shown for each previous period presented are adjusted as if the new accounting policy had always been applied. The prospective approach is only applied when it is impracticable to reconstruct the comparative amounts.

The application of a new or amended accounting standard is accounted for as required by the standard. If the standard does not govern the transition method, the change is accounted for retrospectively or, if impracticable, on a prospective basis.

This same approach is applied to material errors. Non-material errors are recognised in the income statement in the period in which the error is identified.

Changes in estimates are recognised prospectively in the income statement in the period in which the change takes place, if it only affects that period, or in the period in which the change takes place and subsequent periods, if the change also affects these periods.

Financial risk management

The Group is exposed to financial risks related to its operations, namely:

Credit risk

The Group is not particularly exposed to credit risk, despite operating in different geographical markets, as it is not overly exposed to a limited number of positions. Moreover, its operating procedures require checks on credit risk, with the sale of products and/or services limited to customers with suitable credit ratings and guarantees.

Receivables are recognised net of the loss allowance, calculated considering the rules set out by IFRS 9, as mentioned above. Therefore, the maximum exposure to credit risk is equivalent to the carrying amount.

With respect to bank deposits and derivatives, the Group has always worked with leading counterparties, thus limiting its credit risk in this sense.

Liquidity risk

Liquidity risk concerns the availability of financial resources and access to credit market and financial instruments.

Specifically, the Group monitors and manages its cash flows, funding requirements and liquidity levels in order to ensure the effective and efficient use of its financial resources.

It meets its liquidity requirements for investing activities, working capital and the payment of amounts payable drawing on cash flows generated constantly by its operating activities and on credit facilities.

The Group aims to maintain its ability to generate cash flows through operating activities, given the current market conditions. In fact, thanks to its strong financial position, any unplanned financial requirements can be funded through its access to credit facilities.

Market risk

Market risk mainly concerns exchange rates, interest rates and raw materials costs, as the Group operates internationally in areas with different currencies. It uses financial instruments to hedge these risks.

The Group monitors the financial risks to which it is exposed regularly so as to assess in advance any potential impacts and take the most suitable action to mitigate them; it does this through the use of derivatives.

Currency risk

Group companies operate internationally; as such they are structurally exposed to currency risk for cash flows from operating activities and financing operations in currencies other than the functional currency.

The Group's operating activities are exposed differently to changes in exchange rates: in particular the cement sector is exposed to currency risk on both revenues, for exports, and costs to purchase solid fuels in USD; whereas the ready-mixed concrete sector is less exposed as both revenue and costs are in local currency. The Group assesses the natural hedging of cash flows and financing for these risks and purchases currency forwards and currency put and call options for hedging purposes. Transactions involving derivatives are performed for hedging purposes.

The Group's presentation currency is the euro. As a result, it is exposed to currency risk in relation to the translation of the financial statements of consolidated companies based in countries outside the Economic Monetary Area (except for Denmark whose currency is historically tied to the euro). The income statements of these companies are translated into euros using the average annual rate in the event that changes in value are not significant, and changes in exchange rates may affect the value in euros, even when the revenue and profits in local currency remain unchanged. Pursuant to the IFRS, translation differences on assets and liabilities are recognised directly in equity in the translation reserve (note 13).

Interest rate risk

As the Group has net financial debt, it is exposed to the risk of fluctuations in interest rates. The Group purchases interest rate swaps to partly hedge the risk after assessing forecast interest rates and timeframes for the repayment of debt by using estimated cash flows.

The Group's operating and financial policies aim to minimise the impact of these risks on its performance.

Raw materials price risk

The Group is exposed to the risk of fluctuations in raw materials prices. It manages this risk through supply agreements with Italian and foreign suppliers which set prices and quantities for roughly 12 months. It also uses suppliers in different geographical areas to avoid the risk of supply chain concentration and to obtain the most competitive prices.

Also refer to note 32 for quantitative information on risks.

Group's value

The market capitalisation of the Cementir share at 31 December 2020 is EUR 1,058.1 million (EUR 1,069.9 million at 31 December 2019), against Equity attributable to owners of the Parent of EUR 1,056,7 million (EUR 1,044.6 million at 31 December 2019); as the investors are assigning to the company a value higher than that resulting from the economic value of its net assets as according to the Group balance sheet as of the end of 2020.

Segment reporting

In accordance with IFRS 8, the Group has identified its operating segments on the basis of the Parent's internal reporting system for management purposes.

The Group's operations are organised on a regional basis, divided into Regions that represent the following geographical areas: Nordic & Baltic, Belgium, North America, Turkey, Egypt, Asia Pacific and Italy.

The Nordic & Baltic includes Denmark, Norway, Sweden, Iceland, Poland, Russia and the white cement operations in Belgium and France. Belgium includes the activities of the Compagnie des Ciments Belges S.A. group in Belgium and France. North America includes the United States. The Asia Pacific area includes China, Malaysia and Australia. Holding and Services mainly with Corporate, Spartan Hive and Aalborg Portland Digital and other minor companies.

The Group’s geographical segments consist of the non-current assets of each company based and operating in the above areas. Transfer prices applied to transactions between segments for the exchange of goods and services comply with normal market conditions.

The following table shows the performance of each operating segment at 31 December 2020:

(EUR'000)	Nordic & Baltic		Belgium	North America	Turkey	Egypt	Asia Pacific	Holding and Services	Unallocated items and adjustments	CEMENTIR HOLDING GROUP
	Denmark	Other *		USA						
Operating revenue	**403,900**	**235,180**	**250,610**	**146,791**	**148,048**	**44,058**	**97,510**	**98,534**	(191,832)	**1,232,799**
Intra-segment operating revenue	(85,571)	(2,643)	-	(1,019)	(19,081)	(2,958)	-	(80,560)	191,832	
Contributed operating revenue	318,329	232,537	250,610	145,772	128,967	41,100	97,510	17,974		1,232,799
Segment result (EBITDA)	**131,440**	**20,481**	**61,206**	**21,299**	**6,830**	**9,802**	**23,913**	**(11,231)**	-	**263,740**
Amortisation, depreciation, impairment losses and provisions	(35,746)	(9,801)	(23,166)	(12,924)	(10,273)	(3,060)	(7,505)	(4,092)	-	(106,567)
EBIT	**95,694**	**10,680**	**38,040**	**8,375**	**(3,443)**	**6,742**	**16,408**	**(15,323)**	-	**157,173**
Net profit (loss) of equity-accounted investees	315	256	-	-	-	-	-	-		571
Net financial income (expense)									(15,186)	(15,186)
Profit (loss) before taxes										**142,558**
Income taxes									(33,195)	(33,195)
Profit (loss) for the year										**109,363**

* “Other” includes the operations in Norway, Sweden, Iceland, Poland and Russia.

The following table shows the performance of each operating segment at 31 December 2019:

(EUR'000)	Nordic & Baltic		Belgium	North America	Turkey	Egypt	Asia Pacific	Holding and Services	Unallocated items and adjustments	CEMENTIR HOLDING GROUP
	Denmark	**Other ***		**USA**						
Operating revenue	**393,985**	**251,517**	**264,820**	**158,158**	**134,157**	**34,627**	**101,596**	**77,257**	**(172,725)**	**1,243,392**
Intra-segment operating revenue	(91,693)	(4,480)	-	(852)	(968)	(1,810)	**-**	(72,922)	172,725	
Contributed operating revenue	302,292	247,037	264,820	157,306	133,189	32,817	101,596	4,335		1,243,392
Segment result (EBITDA)	**112,180**	**23,352**	**68,089**	**24,068**	**(2,349)**	**6,340**	**23,543**	**8,571**	-	**263,794**
Amortisation, depreciation, impairment losses and provisions	(34,287)	(9,968)	(24,089)	(14,900)	(15,072)	(2,793)	(7,191)	(3,751)	-	(112,051)
EBIT	**77,893**	**13,384**	**44,000**	**9,168**	**(17,421)**	**3,547**	**16,352**	**4,820**	-	**151,743**
Net profit (loss) of equity-accounted investees	142	168	-	-	-	-	-	-		310
Net financial income (expense)									(25,405)	(25,405)
Profit (loss) before taxes										**126,648**
Income taxes									(36,219)	(36,219)
Profit (loss) for the year										**90,429**

The following table shows other data for each geographical segment at 31 December 2020:

	Segment assets	Non current segment assets	Segment liabilities	Equity-accounted investments	Investments in property, plant and equipment and intangible asset
Nordic & Baltic:					
Denmark	587,511	463,018	294,318	2,956	30,798
Others*	138,794	77,007	69,825	1,352	9,086
Belgium	475,475	397,386	161,981	-	23,050
North America	285,988	204,330	48,183	-	4,684
Turkey	219,253	157,053	55,986	-	9,739
Egypt	104,258	35,317	19,349	-	1,323
Asia Pacific	152,880	69,354	23,798	-	4,568
Holding and Services	268,220	78,183	375,977	-	2,658
Total	**2,232,379**	**1,481,648**	**1,049,417**	**4,308**	**85,906**

* "Other" includes the operations in Norway, Sweden, Iceland, Poland and Russia.

The following table shows other data for each segment at 31 December 2019:

	Segment assets	Non current segment assets	Segment liabilities	Equity-accounted investments	Investments in property, plant and equipment and intangible asset
Nordic & Baltic:					
Denmark	591,384	467,655	312,669	2,838	39,825
Others*	138,342	79,383	71,559	1,041	8,996
Belgium	524,228	397,944	156,948	-	17,629
North America	322,016	232,085	53,881	-	4,165
Turkey	286,859	206,886	60,607	-	6,262
Egypt	103,728	39,584	17,566	-	1,991
Asia Pacific	143,497	75,296	21,873	-	6,318
Holding and Services	156,040	77,891	389,424	-	3,174
Total	**2,266,094**	**1,576,724**	**1,084,527**	**3,879**	**88,360**

The following table shows revenue from third-party customers by geographical segment in 2020:

(EUR'000)	Nordic & Baltic		Belgium	North America	Turkey	Egypt	Asia Pacific	Italy	Rest of the world	CEMENTIR HOLDING GROUP
	Denmark	Other *		USA						
Revenue by customer geographical location	**278,832**	**283,926**	**173,287**	**155,818**	**131,606**	**22,095**	**105,754**	**97**	**73,378**	**1,224,793**

Also refer to note 21) for information on segment revenue by product.

* "Other" includes the operations in Norway, Sweden, Iceland, Poland and Russia.

Notes

1) Intangible assets with a finite useful life

At 31 December 2020, intangible assets with a finite useful life amounted to EUR 195,931 thousand (EUR 214,388 thousand at 31 December 2019). Concession rights and licences mainly consisted of concessions to use quarries and software licences for the IT system (SAP R/3). Other intangible assets include the values assigned to certain assets upon acquisition of the CCB Group and LWCC, such as customer lists and contracts for the exclusive exploitation of quarries. These amounts were recognised as part of the purchase price allocation for the acquisition of these companies.

Amortisation is applied over the assets' estimated useful life.

(EUR'000)	Development expenditure	Concessions, licences and trademarks	Other intangible assets	Assets under development and advances	Total
Gross amount at 1 January 2020	**1,786**	**55,337**	**237,401**	**456**	**294,980**
Additions	-	1,105	1,475	4,013	6,593
Disposals	-	(3,781)	(1,390)	-	(5,171)
Impairment losses	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-
Exchange differences	-	(2,257)	(8,249)	2	(10,504)
Reclassifications	-	599	1,898	(1,059)	1,438
Gross amount at 31 December 2020	**1,786**	**51,003**	**231,135**	**3,412**	**287,336**
Amortisation at 1 January 2020	**1,786**	**21,487**	**57,319**	**-**	**80,592**
Amortisation	-	3,413	13,978	-	17,391
Decrease	-	(3,781)	(1,390)	-	(5,171)
Change in consolidation scope	-	-	-	-	-
Exchange differences	-	(211)	(1,596)	-	(1,807)
Reclassifications	-	-	400	-	400
Amortisation at 31 December 2020	**1,786**	**20,908**	**68,711**	**-**	**91,405**
Net amount at 31 December 2020	**-**	**30,095**	**162,424**	**3,412**	**195,931**

The Group spent approximately EUR 2.1 million on research and development during the year (EUR 2.1 million at 31 December 2019), all of which was recognised in the income statement.

(EUR'000)	Development expenditure	Concessions, licences and trademarks	Other intangible assets	Assets under development and advances	Total
Gross amount at 1 January 2019	**1,786**	**52,256**	**231,191**	**485**	**285,718**
Additions	-	1,646	342	4,936	6,924
Disposals	-	(29)	(140)	-	(169)
Impairment losses	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-
Exchange differences	-	585	1,685	8	2,278
Reclassifications	-	879	4,323	(4,973)	229
Gross amount at 31 December 2019	**1,786**	**55,337**	**237,401**	**456**	**294,980**
Amortisation at 1 January 2019	**1,786**	**17,732**	**42,655**	**-**	**62,173**
Amortisation	-	3,292	15,174	-	18,466
Decrease	-	(24)	(140)	-	(164)
Change in consolidation scope	-	-	-	-	-
Exchange differences	-	123	(6)	-	117
Reclassifications	-	364	(364)	-	-
Amortisation at 31 December 2019	**1,786**	**21,487**	**57,319**	**-**	**80,592**
Net amount at 31 December 2019	**-**	**33,850**	**180,082**	**456**	**214,388**

2) Intangible assets with an indefinite useful life (goodwill)

The Group regularly tests intangible assets with an indefinite useful life, consisting of goodwill allocated to CGUs, for impairment.

At 31 December 2020, the item amounted to EUR 329,776 thousand (EUR 349,047 thousand at 31 December 2019). The following table shows CGUs by macro geographical segment.

31.12.2020	**Nordic & Baltic**		**North America**	**Turkey**	**Egypt**	**Asia Pacific**	**Italy**	**Total**
	Denmark	**Other**	**USA**					
Opening balance	**230,632**	**26,392**	**27,387**	**59,284**	**2,124**	**3,228**	**-**	**349,047**
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-	-	-	-
Exchange differences	55	(1,528)	(2,315)	(15,127)	(142)	(214)	-	(19,271)
Reclassifications	-	-	-	-	-	-	-	-
Closing balance	**230,687**	**24,864**	**25,072**	**44,157**	**1,982**	**3,014**	**-**	**329,776**

31.12.2019	Nordic & Baltic		North America	Turkey	Egypt	Asia Pacific	Italy	Total
	Denmark	Other	USA					
Opening balance	**230,639**	**26,509**	**26,870**	**64,924**	**1,852**	**3,139**	**-**	**353,933**
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-	-	-	-
Exchange differences	(7)	(117)	517	(5,640)	272	89	-	(4,886)
Reclassifications	-	-	-	-	-	-	-	-
Closing balance	**230,632**	**26,392**	**27,387**	**59,284**	**2,124**	**3,228**	**-**	**349,047**

In line with previous years, the Group tested the cash generating units (hereinafter CGUs), to which goodwill had been allocated, for impairment.

CGUs are defined as the smallest identifiable group of assets that generates cash inflows which are largely independent of cash inflows generated by other assets or groups of assets. The Group's CGUs consist of companies and/or the specific facilities they operate and to which goodwill paid at acquisition was allocated.

At 31 December 2020, the Group represented the CGUs on the basis of its operating segments, consistent with corporate organisation. The CGU groupings for the "Nordic & Baltic" and "Turkey" include CGUs to which goodwill was allocated for the local acquisitions of companies and/or plants.

In particular, the "Nordic & Baltic" CGU includes the Aalborg Portland Group, Unicon Denmark and Unicon Norway, the "North America" CGU includes the United States, the "Turkey" CGU includes the Cimentas Group, Lalapasa, Sureko, Elazig Cimento, Neales and Egypt refers to the Sinai White Cement Company, the "Asia Pacific" CGU includes Aalborg Portland Malaysia, China and Australia.

Impairment *testing* of the CGUs covered cash flows tied to the acquisition of the relative groups and consolidated at Cementir Holding level, to check goodwill generated upon acquisition by the Parent for impairment.

Impairment testing involved comparing each CGU's carrying amount with its value in use, determined using the discounted cash flow (DCF) method applied to the future cash flows forecast by the three/five years plans prepared by the directors of each CGU. Cash flow projections were estimated using budget forecasts for 2021 approved by the Board of Directors of the respective subsidiaries and of the following two / four-year period carried out by the company management; these projections were prepared on the basis of the Group Business Plan for the three-year period 2021-2023, examined and approved by the Board of Directors of Cementir Holding NV on 4 February 2021. The terminal values were determined using a perpetual growth rate.

The discount rate applied to the estimated future cash flows was determined for each CGU using a weighted average cost of capital (WACC).

Key assumptions to determine value in use of CGUs were as follows:

31.12.2020 Values in %	Growth rate of terminal values	Discount rate	Average increase of revenue 2021 to terminal period	Average EBITDA ratio 2021 to terminal period
Nordic & Baltic	1%	3,8-4,5%	2-5,6%	7-15%
North America	1%	5%	2%	16%
Turkey/Egypt	3-4%	15-17,7%	0,5-21%	9-17,7%
Asia Pacific	3%	7%	4-6%	17-27%

31.12.2019 Values in %	Growth rate of terminal values	Discount rate	Average increase of revenue 2020 to terminal period	Average EBITDA ratio 2020 to terminal period
Nordic & Baltic	1%	4-6%	1-2%	6-14%
North America	1%	6%	3%	18%
Turkey/Egypt	3-4%	15-15,5%	0,3-26%	9-15%
Asia Pacific	3%	8-9%	3%	16-28%

The above tests did not identify any impairment at 31 December 2020.

A sensitivity analysis was performed assuming a hypothetical variation in the discount rate (WACC) and showed that the impairment test results were not sensitive to changes in input assumptions. Specifically, a variation in WACC, at the same conditions, would not result in the recognition of any impairment loss for all the CGUs listed above. Furthermore, a growth rate of terminal values equal to zero, at the same conditions, would not result in the recognition of any impairment loss for all the aforesaid CGUs.

Impairment testing took into consideration performance expectations for 2021. The Group made specific forecasts about its business performance for subsequent years considering the financial and market situation.

The input assumptions stated in the table above were applied to estimates and forecasts determined by on the basis of past experience and expected developments in the markets in which the Group operates. The Group constantly monitors circumstances and events that could lead to impairment losses based on developments in the current economic climate.

Although during 2020 the impact of the Covid-19 pandemic on the Group's business was limited, as there were no significant changes in business and demand, the Covid-19 pandemic could have a negative impact on business in the Group’s future, the extent of which is difficult to determine at this stage. In relation to this, we have developed and implemented emergency plans and are closely monitoring the evolution of the situation. We will take all necessary steps to keep the business running and protect our employees, suppliers, customers and all other stakeholders.

In 2021, the Group expects to achieve consolidated revenues of approximately EUR 1.3 billion, an EBITDA of between EUR 285 and EUR 295 million and a net financial debt of approximately EUR 30 million at the end of the period, including capital expenditure of approximately EUR 95 million.

This forward-looking indication does not include any new outbreaks of the Covid-19 pandemic in the coming months.

3) Property, plant and equipment

At 31 December 2020, property, plant and equipment reached EUR 817,771 thousand (EUR 860,385 thousand at 31 December 2019) and included EUR 83.9 million (EUR 82.7 million at 31 December 2019) in *right of use* assets.

Additional disclosures for each category of property, plant and equipment are set out below:

(EUR'000)	Land and buildings	Quarries	Plant and equipment	Other	Right-of-use assets	Assets under development and advances	Total
Gross amount at 1 January 2020	**490,051**	**194,727**	**1,499,290**	**65,330**	**102,138**	**41,612**	**2,393,148**
Right of use reclassifications	17,933	-	16,914	67,291	(102,138)	-	-
Gross amount at 1 January 2020	**507,984**	**194,727**	**1,516,204**	**132,621**		**41,612**	**2,393,148**
Additions	4,033	2,314	19,890	25,021	-	28,055	79,313
Disposals	(1,904)	-	(9,247)	(8,263)	-	(359)	(19,773)
Impairment losses	-	-	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-	-	-
Exchange differences	(21,612)	(635)	(58,640)	(4,490)	-	(584)	(85,961)
Reclassifications and similar changes	(91,268)	(6,590)	(364,331)	(74)	-	(29,650)	(491,913)
Gross amount at 31 December 2020	**397,233**	**189,816**	**1,103,876**	**144,815**		**39,074**	**1,874,814**
Depreciation at 1 January 2020	**307,689**	**24,688**	**1,133,182**	**47,750**	**19,454**	**-**	**1,532,763**
Right of use reclassifications	3,281	-	3,041	13,132	(19,454)	-	-
Depreciation at 1 January 2020	**310,970**	**24,688**	**1,136,223**	**60,882**			**1,532,763**
Depreciation	13,842	1,768	47,561	23,661	**-**	-	86,832
Decrease	(1,234)	-	(7,294)	(5,651)	**-**	-	(14,179)
Change in consolidation scope	-	-	-	-	-	-	**-**
Exchange differences	(9,677)	(613)	(42,879)	(3,015)	**-**	-	(56,184)
Reclassifications and similar changes	(91,107)	(6,812)	(391,499)	(2,771)	**-**	-	(492,189)
Depreciation at 31 December 2020	**222,794**	**19,031**	**742,112**	**73,106**			**1,057,043**
Net amount at 31 December 2020	**174,439**	**170,785**	**361,764**	**71,709**	**-**	**39,074**	**817,771**

Note 31 IFRS 16 – "Leases" gives a breakdown of Right of use assets categorised according to their nature.

(EUR'000)	Land and buildings	Quarries	Plant and equipment	Other	Right-of-use assets	Assets under development and advances	Total
Gross amount at 1 January 2019	**489,623**	**188,968**	**1,472,226**	**64,640**	**5,789**	**47,087**	**2,268,333**
Change in accounting policy, leases	-	-	-	-	77,821	-	77,821
Additions	1,393	2,849	17,624	2,920	24,677	31,973	81,436
Disposals	(1,066)	(5)	(7,831)	(7,198)	(6,029)	(965)	(23,094)
Impairment losses	(161)	-	(1,714)	(1,238)	-	-	(3,113)
Change in consolidation scope	-	-	-	-	-	-	-
Exchange differences	(1,217)	574	(7,378)	(1,205)	(120)	446	(8,900)
Reclassifications and similar changes	1,479	2,341	26,363	7,411	-	(36,929)	665
Gross amount at 31 December 2019	**490,051**	**194,727**	**1,499,290**	**65,330**	**102,138**	**41,612**	**2,393,148**
Depreciation at 1 January 2019	**299,238**	**21,498**	**1,107,137**	**47,437**	**3,524**	**-**	**1,478,834**
Change in accounting policy, leases	-	-	-	-	-	-	-
Depreciation	10,972	2,484	46,374	3,710	24,479	-	88,019
Decrease	(638)	-	(7,591)	(7,037)	(4,633)	-	(19,899)
Change in consolidation scope	-	-	-	-	-	-	-
Exchange differences	(729)	236	(8,197)	(822)	(26)	-	(9,538)
Reclassifications and similar changes	(1,154)	470	(4,541)	4,462	(3,890)	-	(4,653)
Depreciation at 31 December 2019	**307,689**	**24,688**	**1,133,182**	**47,750**	**19,454**	**-**	**1,532,763**
Net amount at 31 December 2019	**182,362**	**170,039**	**366,108**	**17,580**	**82,684**	**41,612**	**860,385**

See the section on accounting policies for the useful life criteria adopted by the Group.

At 31 December 2020, a total of EUR 107.9 million of property, plant and equipment (EUR 111.7 million at 31 December 2019) was pledged as collateral for bank loans totalling a residual EUR 110.7 million at the reporting date (EUR 122.7 million at 31 December 2019).

Contractual commitments in place at 31 December 2020 to purchase property, plant and equipment amounted to EUR 0 million (EUR 2.7 million at 31 December 2019). No financial expenses were capitalised in 2020, nor in 2019.

4) Investment property

Investment property of EUR 79,242 thousand (EUR 90,602 thousand at 31 December 2019) is recognised at fair value, calculated annually based on independent expert opinions.

(EUR'000)	31.12.2020			31.12.2019		
	Land	**Buildings**	**Total**	**Land**	**Buildings**	**Total**
Opening balance	**61,896**	**28,706**	**90,602**	**61,429**	**28,723**	**90,152**
Increase	-	-	**-**	-	-	**-**
Decrease	(782)	-	**(782)**	-	-	**-**
Fair value gains (losses)	6,336	133	**6,469**	6,188	284	**6,472**
Exchange differences	(16,199)	(848)	**(17,047)**	(5,721)	(301)	**(6,022)**
Reclassifications	-	-	**-**	-	-	**-**
Closing balance	**51,251**	**27,991**	**79,242**	**61,896**	**28,706**	**90,602**

At 31 December 2020, the investment property mainly included land and buildings of the Cimentas Group for EUR 50.3 million (EUR 61.4 million at 31 December 2019).

At 31 December 2020, approximately EUR 6.9 million of investment property was pledged as collateral for bank loans totalling a residual, undiscounted amount of approximately EUR 4.2 million at the reporting date.

The fair value of investment property was determined by independent property assessors who meet professionalism requirements, bearing in mind mainly the prices of other similar assets recently involved in transactions or currently offered on the same market. Refer to note 33) for information on fair value.

5) Equity-accounted investments

The item includes the Group's share of equity in equity-accounted associates and joint ventures. The carrying amount of these investments and the Group's share of the investees' profit or loss are shown below:

31.12.2020

Companies	Business	Registered office	% owned	**Carrying amount**	**Share of profit or loss**
ECOL Unicon Spzoo	Ready-mixed concrete	Gdańsk (Poland)	49%	2,956	315
ÅGAB Syd Aktiebolag	Aggregates	Svedala (Sweden)	40%	1,352	256
Total				**4,308**	**571**

31.12.2019

Companies	Business	Registered office	% owned	**Carrying amount**	**Share of profit or loss**
ECOL Unicon Spzoo	Ready-mixed concrete	Gdańsk (Poland)	49%	2,838	142
ÅGAB Syd Aktiebolag	Aggregates	Svedala (Sweden)	40%	1,041	168
Total				**3,879**	**310**

No indicators of impairment were identified for these investments.

6) Other investments

(EUR'000)	**31.12.2020**	**31.12.2019**
Available-for-sale equity investments Opening balance	**285**	**210**
Increase (decrease)	-	19
Fair value gains (losses)	-	-
Change in consolidation scope	-	-
Reclassifications to assets held for sale	-	-
Exchange differences	(14)	(3)
Reclassifications - Recybel	-	59
Available-for-sale equity investments Closing balance	**271**	**285**

No indicators of impairment were identified.

7) Inventories

The carrying amount of inventories approximates their fair value; a breakdown of the item is shown below:

(EUR'000)	**31.12.2020**	**31.12.2019**
Raw materials, consumables and supplies	82,649	85,299
Work in progress	33,170	40,293
Finished goods	33,837	46,367
Advances	610	406
Inventories	**150,266**	**172,365**

Changes were recorded over the period in the different inventory categories as a result of manufacturing processes and sales, the costs of factors of production and the foreign exchange rates used to translate financial statements stated in foreign currencies.

The increase in raw materials, consumables and supplies, negative for EUR 2,899 thousand (positive for EUR 13,456 thousand at 31 December 2019) was expensed in the income statement as “Raw materials costs” (Note 23). The negative change in work in progress and finished goods was recorded in the income statement for a total of EUR 14,436 thousand (31 December 2019: positive for EUR 5,798 thousand).

There were no inventory impairment losses generated by a slowdown in demand due to Covid-19. On the contrary, stock levels showed a contraction also following the development of volumes that took place in the second half of the year.

8) Trade receivables

Trade receivables totalled EUR 155,065 thousand (EUR 150,475 thousand at 31 December 2019) and break down as follows:

(EUR'000)		**31.12.2020**	**31.12.2019**
Trade receivables		158,100	154,945
Loss allowance		(7,784)	(8,262)
Net trade receivables		**150,316**	**146,683**
Advances to suppliers		3,902	3,696
Trade receivables - related parties	(note 34)	847	96
Trade receivables		**155,065**	**150,475**

The carrying amount of trade receivables equals their fair value. They arise on commercial transactions for the sale of goods and services and do not present any significant concertation risks.

There were no problems in collecting receivables caused by the activity slowdown in the March/May period, the time of maximum exposure to the pandemic.

The breakdown by due date is shown below:

(EUR'000)	**31.12.2020**	**31.12.2019**
Not yet due	135,790	116,998
Overdue:	22,310	37,947
0-30 days	*14,615*	*17,366*
30-60 days	*3,069*	*7,375*
60-90 days	*714*	*3,203*
More than 90 days	*3,912*	*10,003*
Total trade receivables	158,100	154,945
Loss allowance	(7,784)	(8,262)
Net trade receivables	**150,316**	**146,683**

9) Current and non-current financial assets

Non-current financial assets of EUR 576 thousand (EUR 1,643 thousand at 31 December 2019) mainly refer to financial items which will be expensed upon termination of the financing contract signed by Cementir Holding NV.

Current financial assets totalled EUR 2,614 thousand (EUR 1,192 thousand 31 December 2019) and break down as follows:

(EUR'000)		31.12.2020	31.12.2019
Fair value of derivatives		2,134	36
Accrued income/ Prepayments		77	762
Loan assets - related parties	(note 34)	402	393
Other loan assets		1	1
Current financial assets		**2,614**	**1,192**

10) Current tax assets

Current tax assets, totalling EUR 6,126 thousand (EUR 5,172 thousand at 31 December 2019), mainly refer to IRES and IRAP payments on account to tax authorities, approximately EUR 1.2 million, withholdings (EUR 2.8 million).

11) Other current and non-current assets

Other non-current assets totalled EUR 5,003 thousand (EUR 6,800 thousand at 31 December 2019) and mainly consisted of VAT assets and deposits.

Other current assets totalled EUR 23,095 thousand (EUR 29,218 thousand at 31 December 2019) and consisted of non-commercial items. The item breaks down as follows:

(EUR'000)	31.12.2020	31.12.2019
VAT assets	10,369	12,250
Personnel	86	544
Accrued income	132	343
Prepayments	3,297	3,607
Other receivables	9,211	12,474
Other current assets	**23,095**	**29,218**

12) Cash and cash equivalents

Totalling EUR 413,565 thousand (EUR 330,948 thousand at 31 December 2019), the item consists of liquidity held by the Group, which is usually invested in short-term financial transactions. The item breaks down as follows:

(EUR'000)		31.12.2020	31.12.2019
Bank and postal deposits		413,231	330,734
Bank deposits - related parties	(note 34)	-	-
Cash-in-hand and cash equivalents		334	214
Cash and cash equivalents		**413,565**	**330,948**

13) Equity

Equity attributable to the owners of the parent

Equity attributable to the owners of the parent amounted to EUR 1,056,709 thousand at 31 December 2020 (EUR 1,044,627 thousand at 31 December 2019). Profit for 2020 attributable to the owners of the parent totalled EUR 102,008 thousand (EUR 83,569 thousand in 2019).

Share capital

The Parent's share capital consists of 159,120,000 ordinary shares with a par value of EUR 1 each. It is fully paid-up and has not changed with respect to the previous year end. There are no pledges or restrictions on the shares.

Other reserves

Legal reserve

It should be noted that, at 31 December 2019 the legal reserve of EUR 31,825 thousand, related to the Italian Civil Code requirement, has been added to retained earnings due to the conversion of the Company into a Dutch NV.

Treasury shares

It should be noted that on 2 July 2020, the extraordinary Shareholders' Meeting authorised the Board of Directors to carry out a treasury share purchase programme with a duration of 18 months and a maximum investment of EUR 60 million.

As of 31 December, the purchase of treasury shares concerned a total of 694,500 shares (0.4365% of the share capital) for an equivalent value of EUR 4,543 thousand.

Translation reserve

At 31 December 2020, the translation reserve had a negative balance of EUR 648,715 thousand (negative EUR 580,956 thousand at 31 December 2019), broken down as follows:

(EUR'000)	**31.12.2020**	**31.12.2019**	**Change**
Turkey (Turkish lira – TRY)	(583,295)	(531,657)	(51,638)
USA (US dollar – USD)	(2,151)	4,686	(6,837)
Egypt (Egyptian pound – EGP)	(62,173)	(57,517)	(4,656)
Iceland (Icelandic krona – ISK)	(2,972)	(2,554)	(418)
China (Chinese renminbi yuan – CNY)	5,936	7,909	(1,973)
Norway (Norwegian krone – NOK)	(7,114)	(5,047)	(2,067)
Sweden (Swedish krona – SEK)	(829)	(1,265)	436
Other countries	3,883	4,489	(606)
Total translation reserve	**(648,715)**	**(580,956)**	**(67,759)**

Equity attributable to non-controlling interests

Equity attributable to non-controlling interests amounted to EUR 126,253 thousand at 31 December 2020 (EUR 136,940 thousand at 31 December 2019). Profit for 2020 attributable to non-controlling interests totalled EUR 7,355 thousand (EUR 6,860 thousand in 2019).

Capital management

The Board's policy is to maintain a strong capital base aiming to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the capital structure by means of tracking the trend of Net Financial Debt/Position, Net Gearing Ratio and Equity Ratio. For this purpose, Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. Adjusted Equity comprises all components of equity other than amounts accumulated in the hedging and cost of hedging reserves.

Specifically, in the meeting of 4 February 2021, the Board of Directors of Cementir Holding NV approved the update of the Business Plan with the aim of achieving a positive cash position at the end of the plan of approximately EUR 250 million).

The following table highlights the financial indicators:

Ratio	**2020** (EUR 000)	**2019** (EUR 000)
Total Liabilities	538,360	571,769
- Less cash and cash equivalents and current financial assets	(416,179)	(332,140)
Net Financial Debt	**122,181**	**239,629**
Total Equity	1,182,962	1,181,567
- Hedging reserve	(123)	(6,812)
Adjusted Equity	1,182,839	1,174,755
Net Gearing Ratio	**10.33%**	**20.40%**
Adjusted Equity	1,182,839	1,174,755
Total Assets	2,232,379	2,266,094
Equity ratio	**52.99%**	**51.84%**

Cost of loans is in the range of 2.4% on average debts in 2020 (in the range of 2.4% in 2019).

Management of the Group monitors the trend of Return on Equity with a ratio given by Profit on continuing operation over Equity. This ratio is 9.24% in 2020 (7.65% in 2019), thanks to the positive operating performance.

13.1) Subsidiaries with material non-controlling interests

	Aalborg Portland Malaysia		AB Sydsten	
(EUR'000)	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
Revenue	**39,958**	**44,377**	**68,939**	**64,966**
Profit for the year:	**2,802**	**3,197**	**5,633**	**4,689**
- attributable to the owners of the Parent	*1,961*	*2,238*	2,657	2,081
- attributable to non-controlling interests	*841*	*959*	2,976	2,608
Other comprehensive income (expense)	(3,653)	1,491	639	(1,191)
Comprehensive income (expense) for the year	**(851)**	**4,688**	**6,272**	**3,498**
Assets:	**65,199**	**65,423**	**57,552**	**53,943**
- Non-current assets	*24,859*	*28,357*	*26,207*	*25,020*
- Current assets	*40,340*	*37,066*	*31,345*	*28,923*
Liabilities:	**11,071**	**10,408**	**31,176**	**28,957**
- Non-current liabilities	*2,265*	*1,911*	*15,385*	*14,757*
- Current liabilities	*8,806*	*8,497*	*15,791*	*14,200*
Net assets	**54,128**	**55,015**	**26,376**	**24,986**
- attributable to the owners of the Parent	*37,890*	*38,511*	*12,355*	*11,756*
- attributable to non-controlling interests	*16,238*	*16,505*	*14,021*	*13,230*
Net change in cash flow	**7,265**	**8,624**	**11,406**	**9,038**
Dividends paid to third parties	**-**	**-**	**2,550**	**1,657**

	Lehigh White Cement Company		Sinai White Portland Cement	
(EUR'000)	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
Revenue	**138,047**	**137,718**	**43,364**	**35,789**
Profit for the year:	**8,621**	**10,563**	**4,759**	**640**
- attributable to the owners of the Parent	*5,453*	*6,681*	*3,384*	*455*
- attributable to non-controlling interests	*3,168*	*3,882*	*1,375*	*185*
Other comprehensive income (expense)	(7,944)	1,592	(6,256)	10,990
Comprehensive income (expense) for the year	**677**	**12,155**	**(1,497)**	**11,630**
Assets:	**236,079**	**267,804**	**104,446**	**103,912**
- Non-current assets	*166,417*	*189,173*	*35,317*	*39,584*
- Current assets	*69,662*	*78,631*	*69,129*	*64,328*
Liabilities:	**43,896**	**50,224**	**19,700**	**17,866**
- Non-current liabilities	*22,878*	*27,368*	*7,460*	*9,284*
- Current liabilities	*21,018*	*22,856*	*12,240*	*8,582*
Net assets	**192,183**	**217,580**	**84,746**	**86,046**
- attributable to the owners of the Parent	*121,555*	*137,619*	*60,263*	*61,188*
- attributable to non-controlling interests	*70,628*	*79,961*	*24,483*	*24,858*
Net change in cash flow	**32,385**	**20,622**	**10,522**	**8,961**
Dividends paid to third parties	**6,057**	**3,250**	**-**	**-**

14) Employee benefits

Employee benefits totalled EUR 36,822 thousand (EUR 35,745 thousand at 31 December 2019) and included provisions for employee benefits and post-employment benefits. Where conditions are met for their recognition, liabilities are also recognised for future commitments connected with medium/long-term incentive plans that will be paid to employees at the end of the plan period. The long- term incentive plan envisages the payment of a variable monetary reward, calculated on the basis of the gross annual salary of the beneficiary, which is tied to the achievement of the business and financial objectives in the Industrial Plans prepared and approved. It amounted to EUR 3,760 thousand at 31 December 2020 (EUR 1,901 thousand at 31 December 2019).

Liabilities for employee benefits, mainly in Turkey, Belgium and Norway, are included in the defined benefit plans and are partly funded by insurance plans. In particular, plan assets refer to the pension plans in Belgium and Norway. Liabilities are valued applying actuarial methods and assets have been calculated based on the fair value at the reporting date. Post-employment benefits are an unfunded and fully provisioned liability recognised for benefits attributable to employees upon or after termination of employment. As they are defined benefit plans, actuarial assumptions are used for their measurement. the assumptions are summarised in the table below:

Values in %	**31.12.2020**	**31.12.2019**
Annual discount rate	0,3%-2%	0,3%-2%
Expected return on plan assets	2%	2%
Annual post-employment benefits growth rate	2.62%	2.62%

The amounts disclosed in the statement of financial position were determined as follows:

(EUR'000)	**31.12.2020**	**31.12.2019**
Liabilities for employee benefits	63,901	64,212
Fair value of plan assets	(30,839)	(30,368)
Employee benefits	**33,062**	**33,844**
Long-term incentive plan obligation	**3,760**	**1,901**
Total employee benefits	**36,822**	**35,745**

The tables below show changes in the net liabilities / (assets) for employee benefits and the related parts:

(EUR'000)	**31.12.2020**	**31.12.2019**
Liabilities for employee benefits opening balance	**64,212**	**59,170**
Current service cost	2,650	790
Interest cost	568	1,100
Net actuarial gains recognised in the year	757	6,612
Change in consolidation scope	-	-
Exchange differences	(978)	(432)
Other changes	-	-
(Benefits paid)	(3,308)	(3,028)
Liabilities for employee benefits closing balance	**63,901**	**64,212**

(EUR'000)	31.12.2020	31.12.2019
Fair value of plan assets opening balance	**30,368**	**28,397**
Financial income on plan assets	208	506
Net actuarial gains recognised in the year	880	486
Change in consolidation scope	-	-
Exchange differences	(245)	32
Other changes	-	-
(Benefits paid)	(372)	947
Fair value of plan assets closing balance	**30,839**	**30,368**

At 31 December 2020 the effect on the Defined Benefit plans in Belgium/France of a decrease or increase in the key assumptions, is shown below:

• Discount rate +50 bp: EUR -2.6 million;

• Discount rate -50 bp: EUR +3.0 million;

• Increase in healthcare costs + 1%: EUR 2.1 million

Regarding these plans, the life expectancy for an employee of 65 y.o. today:

• Belgium: M: 20.93 years / F: 24.58 years

• France: plans are related to payment during active life or at retirement so the information is not relevant.

Employer and employees' contribution 2020 related to pension plans in Belgium are:

• Employees' contribution: EUR 0.3 million

• Employer's contributions: EUR 1.1 million

Expected Employer contribution 2021 related to pension plans in Belgium are EUR 1.1 million.

Total weighted average duration of these Defined Benefit Obligation is 11.5 years.

15) Provisions

Non-current and current provisions amounted to EUR 25,871 thousand (EUR 27,521 thousand at 31 December 2019) and EUR 4,576 thousand (EUR 15,733 thousand at 31 December 2019) respectively.

(EUR'000)	Provision for quarry restoration	Litigation provision	Other provisions	Total provisions
Balance at 1 January 2020	**23,188**	**4,243**	**15,823**	**43,254**
Provisions	488	541	393	**1,422**
Utilisations	(471)	(329)	(11,037)	**(11,837)**
Decrease	(166)	(17)	(56)	**(239)**
Change in consolidation scope	-	-	-	**-**
Exchange differences	(741)	(854)	(101)	**(1,696)**
Reclassifications	-	-	-	**-**
Net actuarial gains recognised in the year	-	-	(457)	**(457)**
Other changes	-	-	-	-
Balance at 31 December 2020	**22,298**	**3,584**	**4,565**	**30,447**
Including:				
Non-current provisions	22,018	1,010	2,843	**25,871**
Current provisions	280	2,574	1,722	**4,576**

(EUR'000)	Provision for quarry restoration	Litigation provision	Other provisions	Total provisions
Balance at 1 January 2019	**23,165**	**4,576**	**15,588**	**43,329**
Provisions	680	786	494	**1,960**
Utilisations	(498)	(513)	(1,269)	**(2,280)**
Decrease	-	(368)	(105)	**(473)**
Change in consolidation scope	-	-	-	**-**
Exchange differences	(159)	(318)	123	**(354)**
Reclassifications	-	80	-	**80**
Net actuarial gains recognised in the year	-	-	992	**992**
Other changes	-	-	-	**-**
Balance at 31 December 2019	**23,188**	**4,243**	**15,823**	**43,254**
Including:				
Non-current provisions	22,845	933	3,743	**27,521**
Current provisions	343	3,310	12,080	**15,733**

The provision for quarry restructuring is allocated for the cleaning and maintenance of quarries where raw materials are extracted, to be performed before the utilisation concession expires.

Other provisions mainly include environmental provisions for approximately EUR 1.6 million (EUR 1.6 million at 31 December 2019), provisions for risks for corporate restructuring costs for approximately EUR 1.5 million (EUR 2.6 million at 31 December 2019). The utilisation of the period is related to the execution of a settlement agreement, for compensation requests relating to previous transactions.

16) Trade payables

The carrying amount of trade payables approximates their fair value; the item breaks down as follows:

(EUR'000)		31.12.2020	31.12.2019
Suppliers		220,849	215,686
Related parties	(note 34)	289	514
Advances		4,799	2,825
Trade payables		**225,937**	**219,025**

17) Financial liabilities

Non-current and current financial liabilities are shown below:

(EUR'000)		31.12.2020	31.12.2019
Bank loans and borrowings	(note 33)	101,243	440,395
Lease liabilities	(note 31)	58,109	60,558
Lease liabilities - related parties	(note 34)	1,855	3,312
Fair value of derivatives		1,262	11,507
Financial debt - related parties		-	-
Non-current financial liabilities		**162,469**	**515,772**
Bank loans and borrowings		-	546
Current portion of non-current financial liabilities		342,220	23,599
Current loan liabilities - related parties	(note 34)	-	-
Current lease liabilities	(note 33)	24,247	19,013
Current lease liabilities - related parties	(note 34)	1,460	1,437
Other loan liabilities		43	96
Fair value of derivatives		7,921	11,306
Current financial liabilities		**375,891**	**55,997**
Total financial liabilities		**538,360**	**571,769**

The carrying amount of non-current and current financial liabilities approximates their fair value.

Current financial liabilities at 31 December 2020 refer mainly to the loan agreement with a pool of banks and to the loans instalments held by the Danish subsidiary Aalborg Portland Holding A/S.

It should be noted that the loan agreement, to be repaid in a single instalment in October 2021, was classified among non-current financial liabilities at 31 December 2019.

Furthermore, at 31 December 2020, the total financial exposure amounted to EUR 538.4 million, the change in debt is mainly linked to the repayment of parts of loans (for approximately EUR 14 million) and the overall fair value of the derivative instruments, negative for approximately EUR 9.2 million (negative for approximately EUR 22.8 million at 31 December 2019) which represents the valuation at 31 December 2020 of the derivatives put in place for the purposes of hedging changes in interest rates, commodities and exchange rates maturing between January 2021 and February 2027.

About 82.4% of these financial liabilities requires compliance with financial covenants which were complied with at 31 December 2020. In particular, the *covenants* to be complied with are the debt/EBITDA ratio, at consolidated level and the EBITDA/Net financial expense ratio.

It should be noted that the impact of COVID-19 pandemic did not resulted in the the violation of any covenant provided for in the aforementioned loans.

The Group's exposure, broken down by residual expiry of the financial liabilities, is as follows:

(EUR'000)	**31.12.2020**	**31.12.2019**
Within three months	19,410	28,508
Between three months and one year	356,481	27,489
Between one and two years	35,277	358,388
Between two and five years	69,610	88,093
After five years	57,582	69,291
Total financial liabilities	**538,360**	**571,769**

(EUR'000)	**31.12.2020**	**31.12.2019**
Floating rate	538,360	571,769
Fixed rate		
Financial liabilities	**538,360**	**571,769**

As required by CONSOB Communication 6064293 of 28 July 2006, the Group's net financial debt is shown in the next table:

(EUR'000)	**31.12.2020**	**31.12.2019**
A. Cash	334	214
B. Other cash equivalents	413,231	330,734
C. Securities held for trading	-	-
D. Cash and cash equivalents	**413,565**	**330,948**
E. Current loan assets	**2,614**	**1,192**
F. Current bank loans and borrowings	-	(546)
G. Current portion of non-current debt	(329,605)	(11,004)
H. Other current loan liabilities	(46,286)	(44,447)
I. Current financial debt (F+G+H)	**(375,890)**	**(55,997)**
J. Net current financial debt (I-E-D)	**40,288**	**276,143**
K. Non-current bank loans and borrowings	(162,469)	(515,772)
L. Bonds issued	-	-
M. Other non-current liabilities	-	-
N. Non-current financial debt (K+L+M)	**(162,469)**	**(515,772)**
O. Net financial debt (J+N)	**(122,181)**	**(239,629)**

18) Current tax liabilities

Current tax liabilities amounted to EUR 17,892 thousand (EUR 15,423 thousand at 31 December 2019) and relate to income tax liabilities, net of payments on account.

19) Other non-current and current liabilities

Other non-current liabilities totalled EUR 2,927 thousand (EUR 3,833 thousand at 31 December 2019) and included around 2.5 million of deferred income (EUR 3.3 million at 31 December 2019) relating to future benefits from a business agreement which started to accrue from 1 January 2013, which are payable within five years (31 December 2019: EUR 3.3 million within five years).

Other current liabilities totalled EUR 59,437 thousand (EUR 49,477 thousand at 31 December 2019) and break down as follows:

(EUR'000)		31.12.2020	31.12.2019
Personnel		33,584	26,425
Social security institutions		3,667	2,740
Related parties	(note 34)	4	6
Deferred income		963	989
Accrued expenses		2,184	1,831
Other sundry liabilities		19,035	17,486
Other current liabilities		**59,437**	**49,477**

Deferred income refers to the future benefits of the above-mentioned business agreement (approximately EUR 0.8 million in line with 31 December 2019).

Other sundry liabilities mainly includes tax liabilities for employee withholdings, VAT and other payables. It should also be noted that, during the year, the debt of EUR 5,118 thousand related to the result of the antitrust proceedings commenced by the Italian Competition Authority (AGCM) was settled in 2020, as per decision by the Council of State in the hearing of 7 February 2019.

20) Deferred tax assets and liabilities

Deferred tax liabilities totalling EUR 137,595 thousand (31 December 2019: EUR 146,001 thousand) and deferred tax assets totalling EUR 48,770 thousand (31 December 2019: EUR 49,695 thousand) break down as follows:

(EUR'000)	Deferred tax liabilities	Deferred tax assets
Balance at 1 January 2020	**146,001**	**49,695**
Accrual, net of utilisation in profit or loss	(3,294)	4,317
Increase (decrease) in equity	713	(826)
Change in consolidation scope	-	-
Exchange differences	(5,735)	(4,073)
Other changes	(90)	(343)
Balance at 31 December 2020	**137,595**	**48,770**

(EUR'000)	Deferred tax liabilities	Deferred tax assets
Balance at 1 January 2019	**145,282**	**46,772**
Accrual, net of utilisation in profit or loss	1,777	3,033
Increase (decrease) in equity	(1,527)	367
Change in consolidation scope	-	-
Exchange differences	471	(475)
Other changes	(2)	(2)
Balance at 31 December 2019	**146,001**	**49,695**

(EUR'000)	01.01.2020	Accrual, net of utilisation in profit or loss	Increase, net of decreases in equity	31.12.2020
Fiscally-driven depreciation of property, plant and equipment	83,192	197	(1,682)	81,707
Fiscally-driven amortisation of intangible assets	22,216	(2,641)	(1,080)	18,495
Revaluation of plant	12,411	530	(1,655)	11,286
Other	28,182	(1,380)	(695)	26,107
Deferred tax liabilities	**146,001**	(3,294)	(5,112)	**137,595**
Tax losses carried forward	19,639	5,902	(2,006)	23,535
Provisions for risks and charges	1,453	231	(342)	1,342
Differences in property, plant and equipment	394	-	(315)	79
Other	28,209	(1,816)	(2,579)	23,814
Deferred tax assets	**49,695**	4,317	(5,242)	**48,770**

(EUR'000)	01.01.2019	Accrual, net of utilisation in profit or loss	Increase, net of decreases in equity	31.12.2019
Fiscally-driven depreciation of property, plant and equipment	82,957	471	(236)	83,192
Fiscally-driven amortisation of intangible assets	23,558	577	(1,919)	22,216
Revaluation of plant	14,254	661	(2,504)	12,411
Other	24,513	68	3,601	28,182
Deferred tax liabilities	**145,282**	1,777	(1,058)	**146,001**
Tax losses carried forward	18,711	2,292	(1,364)	19,639
Provisions for risks and charges	2,676	(723)	(500)	1,453
Differences in property, plant and equipment	928	21	(555)	394
Other	24,457	1,443	2,309	28,209
Deferred tax assets	**46,772**	3,033	(110)	**49,695**

Recovery of the deferred tax assets is expected in the following years within the timeframe defined by the relevant legislation.

The Group is involved in a transfer pricing case between the Danish and the Italian tax authorities to reach an agreement on royalty payments through Mutually Agreed Procedures ("MAP"). Outcome of case can impact the tax payments for the period 2008-2019. Management remains convinced that the royalty payments are justifiable, and based thereon, Management has not recognised any potential tax adjustments related to the case at 31 December 2020, since management assessed it is not probable this will result in an additional tax payment. For Danish entities total exposure amounts to EUR 12.5 million. At Italian tax group level, net exposure resulting from MAP process will be nil.

21) Revenue

(Euro '000)		**2020**	**2019**
Product sales		1,143,288	1,124,460
Product sales to related parties	(note 34)	75	44
Services		81,430	87,324
Revenue		**1,224,793**	**1,211,828**

Group revenue reached EUR 1,224.8 million, up 1.1% compared to EUR 1,211.8 million in 2019. The positive trend in revenues in Turkey and Egypt is noted, while in the other regions revenues are stable or declining.

The caption Services is mainly related to transport services which are recognised at the time the service is provided.

Revenue by product is shown below:

2020	**Nordic & Baltic**		**Belgium**	**North America**	**Turkey**	**Egypt**	**Asia Pacific**	**Holding and Services**	Unallocated items and adjustments**	**CEMENTIR HOLDING GROUP**
(Euro '000)	**Denmark**	**Other***		**USA**						
Cement	269,623	58,089	131,383	139,045	102,212	43,364	94,605	-	*(59,065)*	**779,256**
Ready-mixed concrete	143,389	149,021	67,944	-	30,515	-	-	-	-	**390,869**
Aggregates	4,663	27,410	53,910	-	-	-	2,585	-	-	**88,568**
Waste	-	-	-	-	12,077	-	-	-	-	**12,077**
Other	-	-	-	13,923	11,070	-	-	89,771	*(23,684)*	**91,080**
Unallocated items and adjustments	*(33,429)*	-	-	-	*(14,039)*	-	*(2,530)*	-	*(87,059)*	**(137,057)**
Revenue	**384,246**	**234,520**	**253,237**	**152,968**	**141,835**	**43,364**	**94,660**	**89,771**	**(169,808)**	**1,224,793**

2019 (Euro '000)	**Nordic & Baltic**		**Belgium**	**North America**	**Turkey**	**Egypt**	**Asia Pacific**	**Holding and Services**	Unallocated items and adjustments**	**CEMENTIR HOLDING GROUP**
	Denmark	**Other***		**USA**						
Cement	259,610	57,191	131,010	138,570	84,675	35,789	97,450		*(61,477)*	**742,818**
Ready-mixed concrete	138,870	166,040	72,905	-	27,393	-		-		**405,208**
Aggregates	4,177	27,342	57,411	-	-	-	2,522	-	-	**91,452**
Waste	-	-	-	-	14,699	-	-	-	-	**14,699**
Other	-	-	399	12,465	13,971	-	-	65,490	*(31,009)*	**61,316**
Unallocated items and adjustments	*(32,771)*	-	-		*(12,797)*	-	*(2,398)*	-	*(55,699)*	**(103,665)**
Revenue	**369,886**	**250,573**	**261,725**	**151,035**	**127,941**	**35,789**	**97,574**	**65,490**	**(148,185)**	**1,211,828**

* "Other" includes the operations in Norway, Sweden, Iceland, Poland and Russia.

22) Increase for internal work and other income

Increase for internal work of EUR 6,417 thousand (EUR 6,436 thousand in 2019) refers to the capitalisation of costs of materials and personnel costs used in the realisation of property, plant and equipment and intangible fixed assets.

Other income

Other income of EUR 16,025 thousand (EUR 19,330 thousand in 2019) breaks down as follows:

(Euro '000)		**2020**	**2019**
Rent, lease and hires		1,503	1,624
Rent, lease and hires - related parties	(note 34)	117	61
Gains		712	1,281
Release of provision for risks		239	473
Insurance refunds		170	179
Revaluation of investment property	(note 4)	6,713	6,472
Other income		6,474	9,240
Other income from related parties	(note 34)	97	0
Other income		**16,025**	**19,330**

23) Raw materials costs

(Euro '000)	**2020**	**2019**
Raw materials and semi-finished products	251,034	240,103
Fuel	83,602	86,653
Electrical energy	83,723	77,983
Other materials	45,735	48,192
Change in raw materials, consumables and goods	(2,899)	13,456
Raw materials costs	**461,195**	**466,387**

The cost of raw materials amounted to EUR 461.2 million (EUR 466.4 million in 2019), down due to a fall in the cost of raw materials.

24) Personnel costs

(Euro '000)	2020	2019
Wages and salaries	145,624	146,872
Social security charges	26,635	28,935
Other costs	16,171	9,090
Personnel costs	**188,430**	**184,897**

Pensions cost amount to EUR 874 thousand (EUR 709 thousand in 2019) and are included in other costs.

The Group's workforce breaks down as follows:

	31.12.2020	31.12.2019	average 2020	average 2019
Executives	69	79	75	77
Middle management, white-collar workers and intermediates	1,172	1,171	1,170	1,261
Blue-collar workers	1,754	1,792	1,773	1,722
Total	**2,995**	**3,042**	**3,018**	**3,060**

More specifically, at 31 December 2020, employees in service at the Parent numbered 44 (73 at 31 December 2019); those at the Cimentas Group numbered 748 (769 at 31 December 2019), those at the Aalborg Portland Group numbered 1,097 (1,071 at 31 December 2019), those at the Unicon Group numbered 644 (659 at 31 December 2019), and those at the CCB Group numbered 462 (470 at 31 December 2019). The Group has no employees in the Netherlands.

25) Other operating costs

(Euro '000)		2020	2019
Transport		152,499	154,857
Services and maintenance		79,874	91,091
Consultancy		10,438	13,527
Insurance		4,223	4,390
Other services - related parties	(note 34)	492	835
Rent, lease and hires		10,688	12,054
Rent, lease and hires - related parties	(note 34)	83	115
Other costs		61,137	51,445
Other operating costs		**319,434**	**328,314**

26) Amortisation, depreciation, impairment losses and additions to provision

(Euro '000)	2020	2019
Amortisation	17,391	18,466
Depreciation	86,832	88,018
Provisions	990	1,412
Impairment losses	1,354	4,156
Amortisation, depreciation, impairment losses and provisions	**106,567**	**112,052**

Amortisation, depreciation, impairment losses and provisions include EUR 26.1 million (EUR 24.5 million in 2019) in amortisation of right of use assets in the application of the IFRS 16.

Impairment losses refer to trade receivables for EUR 1.4 million.

27) Net financial income (expense) and share of net profits of equity-accounted investees

The negative balance for 2020 of EUR 14,615 thousand (2019: negative EUR 25,095 thousand) relates to the share of net profits of equity-accounted investees and net financial income, broken down as follows:

(Euro '000)		2020	2019
Share of profits of equity-accounted investees		571	310
Share of losses of equity-accounted investees		-	-
Share of net profits of equity-accounted investees		**571**	**310**
Interest and financial income		3,539	4,266
Interest and financial income - related parties	(note 34)	29	12
Grants related to interest		-	-
Financial income on derivatives		8,735	358
Revaluation of equity investments		-	-
Total financial income		*12,303*	*4,636*
Interest expense		(12,772)	(12,818)
Other financial expense		(6,728)	(6,234)
Interest and financial expense - related parties	(note 34)	(37)	-
Losses on derivatives		(3,982)	(6,602)
Total financial expense		*(23,519)*	*(25,654)*
Exchange rate gains		10,029	7,377
Exchange rate losses		(13,999)	(11,764)
Net exchange rate losses		*(3,970)*	*(4,387)*
Net financial income (expense)		**(15,186)**	**(25,405)**
Net financial income (expense) and share of net profits of equity-accounted investees		**(14,615)**	**(25,095)**

In 2020, net financial expense was EUR 15.2 million compared to the previous year (net financial negative for EUR 25.4 million in 2019). Moreover, the balance reflects the lower impact of financial expense (EUR 23.5 million compared to 25.7 million in the first half of 2019) of the Group's debt structure and exchange rate losses, partly counterbalanced by financial income.

Interest expense included EUR 1.9 million (EUR 1.5 million in 2019) thousand in interest on lease liabilities arising from the application of the IFRS 16 accounting standard.

Financial income and expense on derivatives mainly reflect the mark-to-market accounting of derivatives purchased to hedge currency and interest rate risks. In the light of the aforementioned measurements, around EUR 0.7 million (around EUR 0.3 million at 31 December 2019) are unrealised gains and around EUR 1.2 million (around EUR 1.6 million at 31 December 2019) are unrealised losses.

Regarding exchange gains (EUR 10 million) and losses (EUR 14 million), approximately EUR 4.6 million were unrealised gains (EUR 0.9 million in 2019) and approximately EUR 6 million were unrealised losses (EUR 6.4 million in 2019).

28) Income taxes

(Euro '000)	2020	2019
Current taxes	40,807	37,475
Deferred taxes	(7,612)	(1,256)
Income taxes	**33,195**	**36,219**

The following table shows the difference between the theoretical and effective tax expense:

(Euro '000)	2020	2019
Theoretical tax expense	**36,234**	**31,101**
Tax according to Italian tax rate	**24%**	**24%**
Taxable permanent differences	6,610	4,333
Deductible permanent differences	(7,852)	(1,057)
Tax consolidation scheme	835	(31)
Other changes	(2,441)	1,601
Effective IRAP tax expense	(191)	272
Income taxes	**33,195**	**36,219**
Applicable tax rate for the year	**23%**	**28%**

29) Earnings per share

Basic earnings per share are calculated by dividing profit attributable to the owners of the Parent by the weighted average number on monthly basis of ordinary shares outstanding in the year.

(Euro)	2020	2019
Profit (EUR ‘000)	102,008	83,569
Weighted average number of outstanding ordinary shares (’000)	159,043	159,120
Basic earnings per ordinary share from continuing operations	**0.641**	**0.525**
Diluted earnings per ordinary share from continuing operations	**0.641**	**0.525**

(Euro)	2020	2019
Profit (EUR ‘000)	102,008	83,569
Weighted average number of outstanding ordinary shares (’000)	159,043	159,120
Basic earnings per ordinary share	**0.641**	**0.525**
Diluted earnings per ordinary share	**0.641**	**0.525**

Diluted earnings per share equal the basic earnings per share as the only outstanding shares are the ordinary shares of Cementir Holding NV.

30) Other comprehensive expense

The following table gives a breakdown of other comprehensive expense, including and excluding the related tax effect:

(Euro ‘000)	2020			2019		
	Gross amount	Tax effect	Net amount	Gross amount	Tax effect	Net amount
Net actuarial gains (losses) on post-employment benefits	580	(206)	**374**	(7,118)	1,854	**(5,264)**
Foreign currency translation differences - foreign operations	(80,298)	-	**(80,298)**	(6,227)	-	**(6,227)**
Financial instruments	6,643	(1,334)	**5,309**	1,561	39	**1,600**
Total other comprehensive income (expense)	**(73,075)**	**(1,540)**	**(74,615)**	**(11,784)**	**1,893**	**(9,891)**

31) IFRS 16 Leases

The following table shows the impact of the application of IFRS 16 for the Group at 31 December 2020 and the related disclosures:

(Euro '000)	Land and buildings	Plant and equipment	Other	Total Right-of-use assets
Gross amount at 1 January 2020	**17,933**	**16,914**	**67,291**	**102,138**
Increase	2,135	6,042	22,055	30,232
Decrease	(436)	(143)	(3,098)	(3,677)
Exchange differences	(670)	(826)	(1,257)	(2,753)
Reclassifications	(292)	186	1,122	1,016
Gross amount at 31 December 2020	**18,670**	**22,173**	**86,113**	**126,956**
Amortisation at 1 January 2020	**3,281**	**3,041**	**13,132**	**19,454**
Amortisation	3,114	3,525	19,496	26,135
Decrease	(188)	(256)	(2,152)	(2,596)
Exchange differences	(102)	(228)	(461)	(791)
Reclassifications	(26)	195	660	829
Amortisation at 31 December 2020	**6,079**	**6,277**	**30,675**	**43,031**
Net amount at 31 December 2020	**12,591**	**15,896**	**55,438**	**83,925**

As at 31 December 2020, right of use assets reached EUR 83,925 thousand and the "Other" category equal to EUR 55,4 million mainly included lease contracts for vehicles and means of transport (EUR 54.9 million).

The incremental borrowing rate remains substantially unchanged compared to 2019.

The Group's exposure, broken down by expiry of the lease liabilities, is as follows:

(Euro '000)	31.12.2020	31.12.2019
Within three months	7,031	5,680
Between three months and one year	20,378	16,484
Between one and two years	22,710	19,480
Between two and five years	30,299	36,898
After five years	11,190	9,928
Total undiscounted lease liabilities at December 31	**91,608**	**88,470**

The current and non-current lease liabilities are shown below:

(Euro '000)	31.12.2020	31.12.2019
Non-current lease liabilities	58,109	60,558
Non-current lease liabilities - related parties (note 34)	1,855	3,312
Non-current lease liabilities	**59,964**	**63,870**
Current lease liabilities	24,247	19,013
Current lease liabilities - related parties (note 34)	1,460	1,437
Current lease liabilities	**25,707**	**20,450**
Total lease liabilities	**85,671**	**84,320**

Amounts recognised in the consolidated income statement

(Euro '000)		2020	2019
Depreciation	(note 26)	26,135	24,479
Interest expense on lease liabilities		1,904	1,548
Short-term lease costs		153	22
Costs of leases of low-value assets		3,246	3,601

32) Financial risks

Credit risk

The Group's maximum exposure to credit risk at 31 December 2020 equals the carrying amount of the financial asstes recognised in the statement of financial position.

Management of the credit risks is based on internal credit limits, which are based on the customer's and the counterparties' creditworthiness, based on both internal and external credit ratings as well as the Group's experience with the counterparty. If no satisfactory guarantee is obtained when credit rating the customer/counterparty, payment in advance or separate guarantee for the sale, e.g. a bank guarantee, will be required.

Given the sector's collection times and the Group's procedures for assessing customers' creditworthiness, the percentage of disputed receivables is low. If an individual credit position shows irregular payment trends, the Group blocks further supplies and takes steps to recover the outstanding amount.

Due to the market situation, the Group has in recent years increased the resources used on follow-up on customers, which contributes to early warnings of possible risks. Historically the Group has had relatively small losses due to customers' or counterparties' inability to pay.

Recoverability is assessed considering any collateral pledged that legally can be attached and advice from legal advisors who oversee collection procedures. The Group impairs all receivables for which a loss is probable at the reporting date, based on whether the entire amount or a part thereof will not be recovered.

The credit risk limit of financial assets corresponds to the values recognised on the balance sheet.

No individual customer or co-operator poses any material risk to the Group.

With respect to bank deposits and derivatives, the Company has always worked with leading counterparties, thus limiting its credit risk in this sense.

Notes 8 and 11 provide information on trade and other receivables.

At 31 December 2020 the break down by Region of Net trade receivables, as follows:

(Eur '000)	31.12.2020	31.12.2019
Nordic & Baltic:		
Denmark	22,241	25,378
Others *	24,363	26,021
Belgium	41,648	28,369
North America	18,531	20,704
Turkey	34,516	38,599
Egypt	2,309	1,061
Asia Pacific	5,703	6,168
Italy	1,005	382
Total	**150,316**	**146,683**

In Nordic and Baltic Region, receivables are attributable to Danish customers and export customers characterised as medium-sized and major customers. The Group is familiar with the Danish customers, who have not been granted long credit lines. Experience shows that export customers pose a low credit risk.
Regarding ready-mixed concrete and aggregates business, the Group's customers primarily consist of contractors, builders and other customers posing a higher credit risk.

In North America, Asia Pacific and Egypt, activities are attributable to minor local customers and medium-sized to major customers on a global scale. Credits are granted in accordance with usual, local trading terms. Credit rating is applied to some types of customers, but experience shows that customers in Overseas pose a low credit risk.

In Turkey, there are both dealers and end users (contractors and other customers) within both the ready-mixed concrete, cement and waste business. All customers are generally required to provide security for deliveries unless the management has assessed that there are no significant risks associated with selling to that customer. The waste business sales are only to large customers. Received collaterals amount to EUR 22.1 million at 31 December 2020 (2019: EUR 20.7 million).

Liquidity risk
The Group has credit facilities which cover any unforeseen requirements.

Note 17 Financial Liabilities provides a breakdown of financial liabilities by due date.

Market risk
Information necessary to assess the nature and scope of financial risks at the reporting date is provided in this section.

* "Other" includes the operations in Norway, Sweden, Iceland, Poland and Russia.

Currency risk

The Group is exposed to the risk of fluctuations in exchange rates, which may affect its earnings performance and equity.

With respect to the main effects of consolidating foreign companies, if the exchange rates for the Turkish lira (TRY), Norwegian krone (NOK), Swedish krona (SEK), US dollar (USD), Chinese renminbi yuan (CNY), Malaysian ringgit (MYR) and Egyptian pound (EGP) were an average 10% below the effective exchange rate, the translation of equity at 31 December 2020 would have generated a decrease of EUR 56 million equal to about 4.8% on consolidated equity (reduction of EUR 64 million equal to about 5.4% as at 31 December 2019). The currency that had the greatest impact was the Turkish Lira (TRY), EUR 15 million. Further currency risks deriving from the consolidation of the other foreign companies are to be considered irrelevant.

The Group is mainly exposed to currency risk in relation to operating profit from sales and purchases in NOK, CNY, GBP, PLN and SEK. A hypothetical decrease of 10% in all these exchange rates (excluding the DKK) would have lowered EBITDA by EUR 10.7 million (CNY amounts to EUR 1.7 million, USD amounts to EUR 3.4 million, SEK amounts to EUR 1.6 million, PLN amounts to EUR 1.4 million and NOK amounts to EUR 2.6 million) (2019 EUR 7.9 million of which: CNY amounted to EUR 1.6 million, GBP amounted to EUR 1.4 million, SEK amounted to EUR 1.1 million, PLN amounted to EUR 1.3 million and NOK amounted to EUR 2.5 million).

The Group entered into a swap agreement (hedge accounting) with a termination date in 2024, where both currency risk and interest risk have been hedged. Related to the interest risk the Group has agreed to pay a fixed rate at 0.43% + a spread of 3.63% and the Group will receive EURIBOR + a spread of 2.88% each 30 April and 31 October until maturity. The effective part of the hedge is equal to all future cash flow payments and nominal instalments.

The fair value liability is included in a separate line item in the balance sheet "Derivatives financial instruments". The ineffective part is recognised as financial income.

2020	**Notional amount**	**Maturity**			**Strike**	**Fair value liability**	**Change in fair value recognised in hedge reserve**	**Ineffective part recognised in income statement**
EURm		**< 1 year**	**1-5 years**	**> 5 years**				
Swap USD/EUR	99.8	11.4	88.4	0	1,00 EUR/ 1,235 USD	-1.3	1.5	0.4

2019	**Notional amount**	**Maturity**			**Strike**	**Fair value liability**	**Change in fair value recognised in hedge reserve**	**Ineffective part recognised in income statement**
EURm		**< 1 year**	**1-5 years**	**> 5 years**				
Swap USD/EUR	114.3	10.1	104.3	0	1,00 EUR/ 1,235 USD	-11.5	2.1	-0.3

At 31 December 2020, risks connected with main receivables and payables in foreign currency related to those in TRY, DKK, NOK, SEK, USD and GBP; Assuming an average drop of 10% in all the exchange rates, the potential effect of the fluctuation, excluding the DKK, would be negative for approximately EUR 0.2 million (31 December 2019: negative for approximately EUR 0.3 million). Similarly, a hypothetical increase in exchange rates would have an identical positive effect.

Interest rate risk

The Group is exposed to the risk of fluctuations in interest rates. Consolidated net financial debt at 31 December 2020 totalled EUR 122.2 million (EUR 239.6 million at 31 December 2019) and is subject to floating interest rates.

Assuming all the other variables remain stable, an annual 1% increase in interest rates, for all the currencies in which the Group has borrowings, would have had a negative effect on profit before taxes of EUR 1.8 million (31 December 2019: EUR 2.5 million) and on equity of EUR 1.3 million (31 December 2019: EUR 1.9 million) with respect to the floating rates applicable to the Group's loans and cash and cash equivalents. A similar decrease in interest rates would have an identical positive impact.

Raw material price risks

The Group uses a number of raw materials in the manufacture of the Group's products, which expose the Group to a price risk, especially different fuels and electricity. The Group enters into fixed price contracts for some raw materials. Open swap contracts at 31 December:

2020

EURm	Total
Market value – swap contracts	2.1

2019

EURm	Total
Market value – swap contracts	0.0

IMPLICATIONS OF THE SPREAD OF THE COVID-19 PANDEMIC

Although the Covid-19 pandemic has differently impacted the various countries in which the Group operates, the priority of the Company's Management has always been the safety of personnel operating across all company sites, defining and adopting infection risk containment and prevention measures in line with directives issued by local authorities. Differentiated strategies were applied for the management of office staff and those working in production plants.

In relation to the Covid-19 pandemic, each company promptly defined and adopted measures to contain and prevent the infection risk for its employees in accordance with the local directives issued. Differentiated strategies were applied for the management of office staff and those working in production plants. In some cases, the measures adopted provided for the temporary closure or restructuring of production activities in compliance with local directives.

To deal with the slowdown generated by the pandemic in the first part of the year, profitability-protecting measures were put in place through costs containment and deferment of investments. As the pandemic evolved, remote working methods continued where necessary.

Throughout the year, careful monitoring of working capital continued, including the performance of receivables, collection flows, levels of stocks of raw materials, semi-finished and finished products and the liquidity level in general.

During July, the liquidity lines used in advance during the first quarter of the year were repaid.

There were no new temporary plant closures in addition to those reported in the previous quarterly reports, which included:

- China in the period 24 January / 21 February
- Malaysia in the period 18 March / 17 April

As mentioned above, the contraction in volumes that took place in the first few months of the year was absorbed in the second half of the year, with the sole exception of the domestic market in Malaysia.

The total negative impact in terms of EBITDA is estimated to be around EUR 20 million, mainly due to a drop in volumes of around EUR 14 million, and additional costs for plant downtime, distribution and sanitation of workplaces and employee safety.

Support measures put in place by the various governments had a limited the impact by around EUR 0.5 million.

From the point of view of the evolution of the net financial debt, the impact of the pandemic is estimated at around EUR 19 million, mitigated by government support and deferrals allowed by the various national authorities in the payment of taxes and labour-related charges for about EUR 6 million.

There have been no breach situations of the covenants linked to financing facilities granted to the Group. There were no difficulties in collecting receivables or increases in inventories caused by the slowdown in activity in the first part of the year.

33) Fair value hierarchy

IFRS 13 requires that assets and liabilities carried at fair value be classified using a hierarchy which reflects the sources of the inputs used to measure their fair value. The hierarchy consists of the following levels:

- Level 1: measurement of fair value using quoted prices on active markets for identical assets or liabilities.

- Level 2: measurement of fair value using inputs other than the quoted prices included within Level 1 which are directly observable (such as prices) or indirectly observable (i.e., derived from prices) on the market.

- Level 3: measurement of fair value using inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of assets and liabilities is classified as follows:

31 december 2020	Note	Level 1	Level 2	Level 3	Total
(Eur '000)					
Investment property	4	-	50,261	28,981	**79,242**
Current financial assets (derivative instruments)	9	-	2,134	-	**2,134**
Total assets		**-**	**52,395**	**28,981**	**81,376**
Non current financial liabilities (derivative instruments)	17	-	(1,262)	-	**(1,262)**
Current financial liabilities (derivative instruments)	17	-	(7,921)	-	**(7,921)**
Total liabilities		**-**	**(9,183)**	**-**	**(9,183)**

31 december 2019	Note	Level 1	Level 2	Level 3	Total
(Eur '000)					
Investment property	4	-	61,377	29,225	**90,602**
Current financial assets (derivative instruments)	9	-	36	-	**36**
Total assets		**-**	**61,413**	**29,225**	**90,638**
Non current financial liabilities (derivative instruments)	17	-	(11,507)	-	**(11,507)**
Current financial liabilities (derivative instruments)	17	-	(11,306)	-	**(11,306)**
Total liabilities		**-**	**(22,813)**	**-**	**(22,813)**

No transfers among the levels took place during 2020 and no changes in level 3 were made.

Investment property classified in Level 3 of the fair value hierarchy refers to assets held by Italian companies. For this type of asset, the fair value was determined using the following methodologies commonly accepted in the valuation practice:

- Synthetic - comparative method, on the basis of which the fair value of the asset is determined by referring to the unit market value (€/m2) multiplied by the surface of the asset;
- Direct capitalisation method, according to which the fair value of the asset is determined by dividing the annual income by a capitalisation rate.

33.1) Financial instruments - Fair value and risk management

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 december 2020 (Eur '000)		**Carrying amount**			**Fair value**
	Note	**Fair value – hedging instruments**	**Financial assets/ liabilities**	**Other financial liabilities**	**Level 2**
Financial assets measured at fair value					
Commodity swap	9	2,020			2,020
Forwards	9	114			114
		2,134	**-**	**-**	**2,134**
Financial assets not measured at fair value					
Trade and other receivables	8-11		178,160		
Cash and cash equivalents	12		413,565		
		-	**591,725**	**-**	**-**
Financial liabilities measured at fair value					
Interest rate swap	17	7,305			7,305
Cross Currency Swap	17	1,262			1,262
Forwards	17	616			616
Commodity swap		-			0
		9,183	**-**	**-**	**9,183**
Financial liabilities not measured at fair value					
Bank loans and borrowing	17		101,243		
Bank overdrafts	17		-		
Current loan liabilities	17		342,219		
Other loan liabilities	17			42	
		-	**443,462**	**42**	**-**

34) Related party transactions

Transactions performed by group companies with related parties are part of normal business operations and take place at arm's-length conditions. No atypical or unusual transactions took place. The following tables show the value of related party transactions:

31 december 2020 (Eur '000)	**Ultimate Parent**	**Associates**	**Companies under common control**	**Other related parties**	**Total related parties**	Total financial statements	% of item
Statement of financial position							
Non-current financial assets	-	-	447	-	**447**	**576**	77.6%
Current financial assets	-	-	402	-	**402**	**2,614**	15.4%
Trade receivables	42	-	805	-	**847**	**155,065**	0.5%
Trade payables	250	-	39	-	**289**	**225,937**	0.1%
Other non-current liabilities	-	-	-	-	**-**	**2,927**	0.0%
Other current liabilities	-	-	4	-	**4**	**59,438**	0.0%
Non-current financial liabilities	-	-	1,855	-	**1,855**	**162,469**	1.1%
Current financial liabilities	-	-	1,460	-	**1,460**	**375,890**	0.4%
Income statement							
Revenue	-	-	75	-	**75**	**1,224,793**	0.0%
Other operating revenue	-	-	214	-	**214**	**16,025**	1.3%
Other operating costs	450	-	143	-	**593**	**319,434**	0.2%
Financial income	-	-	29	-	**29**	**12,303**	0.2%

31 december 2019 (Eur '000)	**Ultimate Parent**	**Associates**	**Companies under common control**	**Other related parties**	**Total related parties**	Total financial statements	% of item
Statement of financial position							
Non-current financial assets	-	-	850	-	**850**	**1,643**	51.7%
Current financial assets	-	-	393	-	**393**	**1,192**	33.0%
Trade receivables	82	-	14	-	**96**	**150,475**	0.1%
Trade payables	450	-	64	-	**514**	**219,025**	0.2%
Other current liabilities	-	-	6	-	**6**	**49,477**	0.0%
Non-current financial liabilities	-	-	3,312	-	**3,312**	**515,772**	0.6%
Current financial liabilities	-	-	1,437	-	**1,437**	**55,997**	2.6%
Income statement							
Revenue	-	-	44	-	**44**	**1,211,828**	0.0%
Other operating revenue	-	-	61	-	**61**	**19,330**	0.3%
Other operating costs	450	-	520	-	**969**	**328,314**	0.3%
Financial income	-	-	12	-	**12**	**4,636**	0.3%

The main related-party transactions are summarised below.

Business transactions with associates concern the sale of products and semi-finished products (cement and clinkers) at arm's-length conditions. Revenue and costs connected with business transactions with the ultimate Parent and companies under common control include various services, such as leases.

The Group did not grant loans to directors or key management personnel during the reporting period and did not have loan assets due from them at 31 December 2020.

As at 31 December 2020, the compensation paid to directors and executives with strategic responsabilities, amounts to EUR 10,288 thousand.

Compensation paid to directors in financial year 2020 totalled EUR 5,798 thousand as shown below:

(Eur '000)	**2020**	**2019**
Fixed Remueration	1,978	2,016
Compensation for participation in committees	160	200
Variable Compensation	3,428	3,125
Non monetary benefits	7	6
Other fees	225	225
Total	**5,798**	**5,572**

The compensation to executives with strategic responsibilities, amounting to EUR 4,490 thousand, relates to EUR 2,871 thousand to fixed remuneration and for an amount of EUR 1,068 thousand to variable compensation. An amount of EUR 551 thousand relates to non monetary benefits.

Additional information on remuneration have been included in the Remuneration Report.

35) Off balance sheet assets and liabilities

Regarding charges and securities and contract commitments on property, plant and equipment refer to note 3.

Regarding pledge as collateral for banks loans refer to note 4.

36) Independent auditors' fees

Fees paid in 2020 by the Parent Cementir Holding N.V. and its subsidiaries to the independent auditors and their network totalled approximately EUR 1,748 thousand (2019: EUR 1,227 thousand), including EUR 1,473 thousand for audit services (2019: EUR 1,144 thousand) and EUR 275 thousand for other services (2019: EUR 83 thousand).

The following fees were charged by KPMG Accountants N.V. to the parent and its subsidiaries, as referred to in Section 2: 382a(1) and (2) of the Dutch Civil Code.

2020 (Eur '000)	KPMG Accountants NV	Other KPMG network	Non- KPMG network	Total
Audit of the financial statement	255	1,178	40	**1,473**
Other audit engagements	6	8	-	**14**
Tax-related advisory services	-	202	11	**213**
Other non-audit services	-	40	8	**48**
Total fees	**261**	**1,428**	**59**	**1,748**

37) Events after the reporting period

In compliance with the resolution of the Shareholders' Meeting of 2 July 2020, the programme for the purchase of treasury shares continued at the date of 28 February 2021 for a total of 1.675,000 shares equal to 1.0527% of the share capital (694,500 shares equal to 0.4365% of the share capital at 31 December 2020) for a total outlay of EUR 12,028 thousand (EUR 4,543 thousand at 31 December 2020).

38) Other information

Litigation

The Company is responsible for leading the defence in proceedings, of which it is not a party, in accordance with the terms and conditions set out in a settlement agreement with Italcementi S.p.A., relating to the sale of the shares of Cementir Italia S.p.A. (today Cemitaly S.p.A.), Cementir Sacci S.p.A. (today Italsacci S.p.A.) and Betontir S.p.A., finalised on 2 January 2018.

The main proceedings, relating to events in which the Company may be abstractly subject to compensation obligations based on the aforementioned settlement agreement, in relation to events occurred prior to the transfer, are noted below.

Antitrust proceedings

On 7 August 2017, upon completion of an investigation, the Italian Competition Authority ("Authority") found out an agreement was in place, aimed at coordinating cement selling prices across the entire country, and imposed an administrative fine on the producers involved, including Cemitaly. In 2020 the Company paid Cemitaly the sum of EUR 5,118,076 as a compensation, to extinguish the fine and the interest accrued, representing this payment the final settlement.

Proceedings in relation to the Cemitaly plant in Taranto

On 28 September 2017, Cemitaly was notified of criminal proceedings brought against it, Ilva S.p.A. and Enel Produzione S.p.A. in relation to administrative offences under Articles 5, 6 and 25 undecies paragraph 2 letter F) of Legislative Decree 231/2001. According to investigator allegations, (i) Cemitaly was aware of the fact that the fly ash it bought from Enel Produzione did not comply with applicable legislation, as traces of substances not derived solely from burning coal were found; (ii) the blast-furnace slag supplied by Ilva to Cemitaly should be qualified and treated as waste, due to its alleged "mechanical" impurities (presence of ferrous metals, crushed stone, debris, etc.), such as to require treatments such as sieving and deferrization, both of which, according to the investigator, are outside "normal industrial practice". At the outcome of the hearing of 15 April 2019, the Public Prosecutor requested that the company and natural persons appeared before the court, limited to answering the charges relating to the fly ash purchased from Enel Produzione. The dispute relating to the slag is awaiting the request for dismissal. The preliminary hearing, originally set for 20 November 2020, has been postponed to 4 March 2021 and since than to 12 May 2021.

Other legal disputes

An administrative dispute is pending before the Court of Appeal in Turkey, brought by the Turkish company Cimentas AS, indirect subsidiary of Cementir Holding. The dispute relates to the order issued by the Turkish stock exchange's regulatory and supervisory body (Capital Market Board – CMB), requiring Cimentas AS to demand back from the concerned Cementir Group companies around 100 million Turkish Lira (now equal to around EUR 13 million) by way of hidden profit distribution, allegedly generated by an intragroup company sale in 2009. On 29 January 2017, CMB served a summons to Cementir Holding to appear before the Court of Izmir, requesting that the company be ordered to pay to Cimentas AS an amount provisionally set at approximately 1 million Turkish lira. The Company duly appeared in court, arguing the total lack of foundation of the plaintiff's argument and requested that the civil proceedings be suspended until the administrative proceeding is finally settled. With a ruling of 1 July 2020, the Court of Appeal in Turkey declared lack of jurisdiction in relation to the case in question. The judgement has been challenged by Cementir Holding before the Supreme Court.

BLANK PAGE

ANNEX

Annex 1

List of equity investments at 31 December 2020

Company name	Registered office	Share capital	Currency	Type of % Direct	Type of % Indirect	Investment held by Group companies	Method
Cementir Holding NV	Amsterdam (NL)	159,120,000	EUR			Parent	Line-by-line
Aalborg Cement Company Inc.	Branchburg N.J. (USA)	1,000	USD		100	Aalborg Portland US Inc,	Line-by-line
Aalborg Portland Holding A/S	Aalborg (DK)	300,000,000	DKK		75 23	Cementir Espana SL Globocem SL	Line-by-line
Aalborg Portland A/S	Aalborg (DK)	100,000,000	DKK		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland Belgium SA	Antwerp (B)	500,000	EUR		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland Digital Srl	Rome (I)	500,000	EUR		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland España SL	Madrid (E)	3,004	EUR		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland France SAS	Rochefort (FR)	10,010	EUR		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland Islandì EHF	Kopavogur (IS)	303,000,000	ISK		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland Malaysia Sdn Bhd	Perak (MAL)	95,400,000	MYR		70	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland Polska Spzoo	Warszawa (PL)	100,000	PLN		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland US Inc	Branchburg N.J. (USA)	1,000	USD		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland (Anqing) Co Ltd	Anqing (CN)	265,200,000	CNY		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland (Australia) Pty Ltd	Brisbane (AUS)	1,000	AUD		100	Aalborg Portland Malaysia Sdn Bhd	Line-by-line
Aalborg Portland OOO	Kingisepp (RUS)	14,700,000	RUB		99.9 0.1	Aalborg Portland A/S Aalborg Portland Holding A/S	Line-by-line
Aalborg Resources Sdn Bhd	Perak (MAL)	2,543,972	MYR		100	Aalborg Portland Malaysia Sdn Bhd	Line-by-line
AB Sydsten	Malmö (S)	15,000,000	SEK		50	Unicon A/S	Line-by-line
AGAB Syd Aktiebolag	Svedala (S)	500,000	SEK		40	AB Sydsten	Equity
Alfacem Srl	Rome (I)	1,010,000	EUR	99.99		Cementir Holding NV	Line-by-line
Basi 15 Srl	Rome (I)	400,000	EUR	100		Cementir Holding NV	Line-by-line
Cementir Espana SL	Madrid (E)	3,007	EUR	100		Cementir Holding NV	Line-by-line
Cimbeton AS	Izmir (TR)	1,770,000	TRY		50.28 0.06	Cimentas AS Kars Cimento AS	Line-by-line
Cimentas AS	Izmir (TR)	87,112,463	TRY		97.1 0.12 0.48	Aalborg Portland España Cimbeton AS Kars Cimento AS	Line-by-line
Compagnie des Ciments Belges SA	Gaurain (B)	179,344,485	EUR		100	Aalborg Portland Holding A/S	Line-by-line
Compagnie des Ciments Belges France SAS (CCBF)	Villenueve d'Ascq (FR)	34,363,400	EUR		100	Compagnie des Ciments Belges SA	Line-by-line
Destek AS	Izmir (TR)	50,000	TRY		99.99 0.01	Cimentas AS Cimentas Foundation	Line-by-line

Annex 1 *(cont'd)*

Company name	Registered office	Share capital	Currency	Type of % Direct	Type of % Indirect	Investment held by Group companies	Method
De Paepe Beton NV	Gent (B)	500.000	EUR		100	Compagnie des Ciments Belges SA	Line-by-line
ECOL Unicon Spzoo	Gdansk (PL)	1,000,000	PLN		49	Unicon A/S	Equity
Gaetano Cacciatore LLC	Branchburg N.J. (USA)	-	USD		100	Aalborg Cement Company Inc	Line-by-line
Globocem SL	Madrid (E)	3,007	EUR		100	Alfacem Srl	Line-by-line
Ilion Cimento Ltd	Izmir (TR)	300,000	TRY		100	Cimbeton AS	Line-by-line
Kars Cimento AS	Izmir (TR)	513,162,416	TRY		41.55 58.45	Cimentas AS Alfacem Srl	Line-by-line
Kudsk & Dahl A/S	Vojens (DK)	10,000,000	DKK		100	Unicon A/S	Line-by-line
Lehigh White Cement Company	West Palm Beach (USA)	-	USD		24.52 38.73	Aalborg Cement Company Inc White Cement Company LLC	Line-by-line
Neales Waste Management Ltd	Preston (GB)	100,000	GBP		100	NWM Holdings Ltd	Line-by-line
NWM Holdings Ltd	Preston (GB)	5,000,001	GBP		100	Recydia AS	Line-by-line
Quercia Ltd	Preston (GB)	5,000,100	GBP		100	NWM Holdings Ltd	Line-by-line
Recybel SA	Liegi-Flemalle (B)	99,200	EUR		25.5	Compagnie des Ciments Belges SA	Equity
Recydia AS	Izmir (TR)	759,544,061	TRY		67.39 23.72 8.89	Kars Cimento AS Cimentas AS Aalborg Portland Holding	Line-by-line
Sinai White Portland Cement Co. SAE	Cairo (ET)	350,000,000	EGP		71.11	Aalborg Portland Holding A/S	Line-by-line
Skane Grus AB	Ljungbyhed (S)	1,000,000	SEK		60	AB Sydsten	Line-by-line
Société des Carrières du Tournaisis SA	Gaurain (B)	12,297,053	EUR		65	Compagnie des Ciments Belges SA	Proportionate
Spartan Hive SpA	Rome (I)	300,000	EUR		100	Aalborg Portland Holding A/S	Line-by-line
Sureko AS	Izmir (TR)	43,443,679	TRY		100	Recydia AS	Line-by-line
Svim 15 Srl	Rome (I)	400,000	EUR	100		Cementir Holding NV	Line-by-line
Unicon A/S	Copenaghen (DK)	150,000,000	DKK		100	Aalborg Portland Holding A/S	Line-by-line
Unicon AS	Oslo (N)	13,289,100	NOK		100	Unicon A/S	Line-by-line
Vianini Pipe Inc	Branchburg N.J. (USA)	4,483,396	USD		99.99	Aalborg Portland US Inc	Line-by-line
White Cement Company LLC	Branchburg N.J. (USA)	-	USD		100	Aalborg Cement Company Inc.	Line-by-line

Rome, 9 March 2021

Chairman of the Board of Directors

/s/ Francesco Caltagirone Jr.

2020 SEPARATE FINANCIAL STATEMENTS

SEPARATE FINANCIAL STATEMENTS

Statement of financial position

(Before profit appropriation)

(EUR'000)	Note	31 December 2020	31 December 2019
ASSETS			
Intangible assets	1	301	5,050
Property, plant and equipment	2	1,931	3,847
Investment property	3	22,856	23,100
Investments in subsidiaries	4	298,801	294,541
Non-current financial assets	5	951	106,724
Deferred tax assets	17	16,043	13,452
TOTAL NON-CURRENT ASSETS		**340,883**	**446,713**
Trade receivables	6	5,013	9,618
- Trade receivables - third parties		*10*	*372*
- Trade receivables - related parties	31	*5,003*	*9,246*
Current financial assets	7	172,422	140,311
- Current financial assets - third parties		*60*	*743*
- Current financial assets - related parties	*31*	*172,362*	*139,568*
Current tax assets	8	3,149	2,640
Other current assets	9	4,835	5,378
- Other current assets - third parties		*1,686*	*3,187*
- Other current assets - related parties	*31*	*3,149*	*2,190*
Cash and cash equivalents	10	171,120	62,362
TOTAL CURRENT ASSETS		**356,539**	**220,308**
ASSETS HELD FOR SALE	32	**-**	**300**
TOTAL ASSETS		**697,422**	**667,322**
EQUITY AND LIABILITIES			
Share capital	11	159,120	159,120
Share premium reserve	12	35,710	35,710
Legal reserve	13	(1,015)	(2,241)
Other reserves	13	73,153	109,138
Profit (loss) for the year		14,994	(9,174)
TOTAL EQUITY		**281,962**	**292,553**
Employee benefits	14	3,648	2,199
Non-current provisions	18	370	370
Non-current financial liabilities	15	5,247	333,817
Deferred tax liabilities	17	-	-
TOTAL NON-CURRENT LIABILITIES		**9,265**	**336,386**
Current provisions		-	10,409
Trade payables	16	1,672	3,779
- Trade payables - third parties		*1,422*	*3,316*
- Trade payables - related parties	*31*	*250*	*463*
Current financial liabilities	15	396,900	12,882
- Current financial liabilities - third parties		*337,324*	*11,445*
- Current financial liabilities - related parties	31	*59,576*	*1,437*
Current tax liabilities	17	-	-
Other current liabilities	18	7,623	11,312
- Other current liabilities - third parties		*6,960*	*11,031*
- Other current liabilities - related parties	31	*663*	*281*
TOTAL CURRENT LIABILITIES		**406,195**	**38,383**
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE		**-**	**-**
TOTAL LIABILITIES		**415,460**	**374,768**
TOTAL EQUITY AND LIABILITIES		**697,422**	**667,322**

Income statement

(EUR '000)	Note	2020	2019
REVENUE	19	**10,960**	**25,747**
- Revenue - third parties		*5*	*316*
- Revenue - related parties	31	*10,955*	*25,430*
Increase for internal work	20	335	1,136
Other operating revenue	21	544	581
- Other operating revenue - third parties		*544*	*581*
TOTAL OPERATING REVENUE		**11,839**	**27,463**
Personnel costs	22	(11,904)	(12,309)
Other operating costs	23	(14,520)	(13,271)
- Other operating costs - third parties		*(13,855)*	*(12,730)*
- Other operating costs - related parties	31	*(665)*	*(541)*
TOTAL OPERATING COSTS		**(26,424)**	**(25,580)**
EBITDA		**(14,585)**	**1,883**
Amortisation, depreciation, impairment losses and provisions	24	(2,532)	(3,717)
EBIT		**(17,117)**	**(1,834)**
Financial income	25	42,639	5,514
- Financial income - third parties		*9,454*	*872*
- Financial income - related parties	31	*33,185*	*4,642*
Financial expense	25	(14,376)	(15,274)
- Financial expense - third parties		*(14,314)*	*(15,191)*
- Financial expense - related parties	31	*(62)*	*(83)*
NET FINANCIAL INCOME (EXPENSE)		**28,263**	**(9,760)**
PROFIT (LOSS) BEFORE TAXES		**11,146**	**(11,594)**
Income taxes	26	3,848	2,420
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**14,994**	**(9,174)**

Statement of comprehensive income

(EUR'000)	Note	2020	2019
PROFIT (LOSS) FOR THE YEAR		**14,994**	**(9,174)**
Other components of comprehensive income:			
Items that will never be reclassified to profit or loss			
Net actuarial gains (losses) on post-employment benefits	27	11	(12)
Taxes recognised in equity	27	(3)	3
Total items that will never be reclassified to profit or loss		**8**	**(9)**
Items that may be reclassified to profit or loss for the year:			
Profit (Losses) on derivatives	27	1,741	890
Taxes recognised in equity	27	(515)	(263)
Total items that may be reclassified to profit or loss		**1,226**	**627**
Total other comprehensive expense, net of tax		**1,234**	**617**
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR		**16,228**	**(8,556)**

Statement of changes in equity

Note	11	12					13					13		
			Legal reserves		Other reserves									
(EUR'000)	**Share capital**	**Share premium reserve**	Reserve for grants related to assets	Hedging Reserve	Legal Reserve (Italian Law)	Other IAS reserves	Reserve as per Art. 15 of Law No. 67/88	Reserve as per Law No. 349/95	Goodwill arising on merger	Actuarial Reserves IAS 19	IFRS 9 Reserve	**Retained earnings**	**Loss for the year**	**Total Equity**
Equity at 1 January 2020	**159,120**	**35,710**	**-**	**(2,241)**	**-**	**-**	**-**	**-**		**(139)**	**-**	**109,277**	**(9,174)**	**292,553**
Allocation of 2019 profit (loss)	-	-	-	-	-	-	-	-	-	-	-	(9,174)	9,174	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(4,543)	-	(4,543)
Distribution of 2019 dividends	-	-	-	-	-	-	-	-	-	-	-	(22,277)	-	(22,277)
Total transactions with investors	-	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	-	**(35,994)**	**9,174**	**(26,820)**
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	14,994	14,994
Net actuarial gains	-	-	-	-	-	-	-	-	-	9	-	-	-	9
Losses on derivatives	-	-	-	1,226	-	-	-	-	-	-	-	-	-	1,226
Total comprehensive income (expense)	**-**	**-**	**-**	**1,226**	**-**	**-**	**-**	**-**	**-**	**9**	**-**	**-**	**14,994**	**16,229**
Equity at 31 December 2020	**159,120**	**35,710**	**-**	**(1,015)**	**-**	**-**	**-**	**-**	**-**	**(130)**	**-**	**73,283**	**14,994**	**281,962**

Note		11	12						13							
					Legal reserve*		**Other reserves**									
(EUR'000)		**Share capital**	**Share premium reserve**	**Revaluation reserve**	Reserve for grants related to assets	Hedging Reserve	Legal Reserve (Italian Law)	Reserve as per Art. 15 of Law No. 67/88	Reserve as per Law No. 349/95	Goodwill arising on merger	Other IFRS Reserves	Actuarial Reserves IAS 19	IFRS 9 Reserve	**Retained earnings**	**Loss for the year**	**Total Equity**
Equity at 1 January 2019		**159,120**	**35,710**	**-**	**13,207**	**(2,868)**	**31,824**	**138**	**41**	**76,744**	**5,171**	**(130)**	**5,486**	**4,296**	**(5,353)**	**323,386**
Allocation of 2018 profit (loss)		-	-	-	-	-	-	-	-	(5,353)	-	-	-	-	5,353	-
Change in reserves due to conversion of the company to Dutch N.V.*		-	-	-	(13,207)	-	(31,824)	(138)	(41)	(71,391)	(5,171)	-	(5,486)	127,258	-	-
Distribution of 2018 dividends		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(22,277)	**-**	(22,277)
Total transactions with investors		**-**	**-**	-	**(13,207)**	-	**(31,824)**	(138)	(41)	(71,391)	**(5,171)**	-	(5,486)	**104,981**	**-**	**(22,277)**
Profit (loss) for the year		-	-	-	-	-	-	-	-	-	-	-	-	-	(9,174)	(9,174)
Net actuarial gains		-	-	-	-	-	-	-	-	-	-	(9)	-	**-**	-	(9)
Losses on derivatives		-	-	-	-	627	-	-	-	-	-	-	-	**-**	-	627
Total comprehensive income (expense)		**-**	**-**	**-**	**-**	**627**	**-**	**-**	**-**	**-**	**-**	**(9)**	**-**	**-**	**(9,174)**	**(8,556)**
Equity at 31 December 2019		**159,120**	**35,710**	**-**	**-**	**(2,241)**	**-**	**-**	**-**	**-**	**-**	**(139)**	**-**	**109,277**	**(9,174)**	**292,553**

* As per the transformation date from Cementir Holding SpA to Cementir Holding N.V. on 5 October 2019

Statement of Cash Flows

(EUR'000)	Note	31 December 2020	31 December 2019
Profit/(loss) for the year		**14,994**	**(9,174)**
Amortisation	24	1,744	3,457
Investment property FV adjustment		244	(100)
Loss allowance	6	788	-
Net financial income (expense)	25	(28,263)	9,760
- third parties		*4,860*	*14,402*
- related parties	31	*(33,123)*	*(4,642)*
Income taxes	26	(3,848)	(2,420)
Change in employee benefits		1,717	880
Change in provisions (current and non-current)	18	(10,409)	260
Operating cash flows before changes in working capital		**(23,033)**	**2,663**
(Increase) Decrease in trade receivables - third parties		363	(196)
Decrease in trade receivables - related parties		2,844	9,161
Increase (Decrease) in trade payables - third parties		(147)	(30)
Increase (Decrease) in trade payables - related parties		(213)	-
Change in other non-current and current assets and liabilities - third parties		(1,523)	(2,032)
Change in other non-current and current assets and liabilities - related parties		(655)	(1,196)
Change in current and deferred taxes		(512)	906
Operating cash flows		**(22,876)**	**9,277**
Interest received		3,899	4,026
Interest paid		(8,797)	(9,524)
Other net financial derivative income (expense) collected (paid)	25	4,580	(2,467)
Income taxes paid		-	-
CASH FLOWS FROM OPERATING ACTIVITIES (A)		**(23,194)**	**1,312**
Investments in intangible assets		(902)	(1,404)
Investments in property, plant and equipment		(336)	(403)
Acquisitions of equity investments		(610)	(500)
Proceeds from the sale of property, plant and equipment		55	6
Proceeds from the sale of equity investments	25	33,500	-
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)		**31,707**	**(2,301)**
Change in non-current financial assets and liabilities - third parties		27	(632)
Change in non-current financial assets and liabilities - related parties		595	46,761
Change in current financial assets and liabilities - third parties		59,341	14
Change in current financial assets and liabilities - related parties		67,104	(12,423)
Dividends distributed		(22,277)	(22,277)
Purchase of equity shares		(4,543)	-
CASH FLOWS USED IN FINANCING ACTIVITIES (C)		**100,247**	**11,443**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		**108,760**	**10,453**
Opening cash and cash equivalents	10	**62,360**	**51,907**
Closing cash and cash equivalents	10	**171,120**	**62,360**

Reconciliation of the parent's separate equity at 31 December 2020 and 2019 and profit (loss) for the year then ended with consolidated equity and profit (loss)

(EUR'000)	Profit (loss) 2020	Equity 31 December 2020
Cementir Holding NV separate	**14,994**	**281,962**
Effect of consolidating subsidiaries	86,443	1,288,088
Effect of equity-accounted investees	571	47,203
Difference in translation reserve	-	(648,715)
Other differences including the result for the year	-	88,171
Total attributable to the owners of the parent	**102,008**	**1,056,709**
Total attributable to the non-controlling interests	**7,355**	**126,253**
Cementir Holding Group	**109,363**	**1,182,962**

(EUR'000)	Profit (loss) 2019	Equity 31 December 2019
Cementir Holding NV separate	**(9,174)**	**292,553**
Effect of consolidating subsidiaries	92,433	1,201,645
Effect of equity-accounted investees	310	46,632
Difference in translation reserve	-	(580,956)
Other differences including the result for the year	-	84,753
Total attributable to the owners of the parent	**83,569**	**1,044,627**
Total attributable to the non-controlling interests	**6,860**	**136,940**
Cementir Holding Group	**90,429**	**1,181,567**

The main differences are caused by the valuation of the investments in subsidiaries at cost in the separate financial statements. Translation reserves are therefore not applicable in the separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

General information

On 28 June 2019, the Extraordinary Shareholders' Meeting approved the transformation of the company Cementir Holding SpA from a joint-stock company under Italian law into a Naamloze Vennootschap under Dutch law, consequent to the transfer of the registered office to Amsterdam (36, Zuidplein, 1077 XV; Chamber of Commerce registration number 76026728). The transfer and transformation process was completed on 5 October 2019.

On that date the Board of Directors resolved to establish an operational and secondary headquarters in Rome, at Corso Francia 200. The company's tax residence remained in Italy. As part of this transformation, Management aligned the equity composition per the Italian law requirements with the Dutch Civil Requirements.

The company remained listed on the STAR segment of the Milan Stock Exchange.

At 31 December 2020, shareholders holding shares exceeding 3% of share capital, as indicated in the book of shareholders, from communications received pursuant to 5:28 of Financial Supervision Act and other information available, are:

1) Francesco Gaetano Caltagirone – 104,862,053 shares (65.901%). The shareholding is held as follows:
    - direct ownership of 1,327,560 shares (0.834%)
    - indirect ownership through the companies:
        - Calt 2004 Srl – 47,860,813 shares (30.078%)
        - Caltagirone Spa – 22,820,015 shares (14.341%)
        - FGC Spa - 17,585,562 shares (11.052%)
        - Gamma Srl – 5,575,220 shares (3.504%)
        - Pantheon 2000 Spa – 4,466,928 shares (2.807%)
        - Ical 2 Spa – 2,614,300 shares (1.643%)
        - Capitolium Srl – 2,604,794 shares (1.637%)
        - Vianini Lavori Spa – 6,861 shares (0.004%)
2) Francesco Caltagirone – 8,520,299 shares (5.355%). The above investment is held indirectly through the company Chupas 2007 Srl for 8,520,299 shares (5.355%).

On 9 March 2021, the Company's Board of Directors approved these separate financial statements for the year ending as at 31 December 2020 and authorised their publication on 10 March 2021.

Statement of compliance with the IFRS

These separate financial statements at 31 December 2020 are drawn up on a going concern basis and have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and with Section 2: 362(9) of the Dutch Civil Code.

Certain parts of this Annual Report contain financial measures that are not measures of financial performance or liquidity under IFRS. These are commonly referred to as non-IFRS financial measures and include items such as Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) and Earnings Before Income Taxes (EBIT). The Company calculates EBITDA before provisions.

Basis of presentation

The separate financial statements at 31 December 2020 are presented in euros, the Company's functional currency. All amounts are expressed in thousands of euros, unless indicated otherwise. They consist of a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and these notes.

The separate financial statements have been prepared on a going concern basis as the directors are reasonably certain that the Company will continue to operate in the foreseeable future, based on their assessment of the risks and uncertainties to which it is exposed.

The Company has opted to present these statements as follows:

1. the statement of financial position presents current and non-current assets and liabilities separately;
2. the income statement classifies costs by nature;
3. the statement of comprehensive income presents the effect of gains and losses recognised directly in equity, starting from the profit or loss for the year;
4. the statement of cash flows is presented using the indirect method.

The accounting policies are described in Basis of presentation section of the consolidated financial statements and are deemed incorporated and repeated herein by reference. Investments in subsidiaries are accounted for at cost.

Transfer of business unit to Aalborg Portland Digital Srl

By notarial deed dated 29 April 2020, the Company Cementir Holding N.V. (the "Transferor") transferred to the subsidiary Aalborg Portland Digital Srl. (the "Transferee"), with effect from 1 May 2020, the business unit relating to the provision of IT services, project management and the organisation and holding of training courses in the IT field in general, with particular regard to the cement production and distribution sector. This transaction is defined as a transaction under common control.

To establish the fair value of the business unit, an independent expert prepared an estimate report on the assets and liabilities constituting the said business unit, taking 29/02/2020 as the reference date.

The carrying amounts as at 29/02/2020 of the transferred business unit are shown below:

(EUR'000)

BALANCE SHEET	29/02/2020	BALANCE SHEET	29/02/2020
ASSETS		**LIABILITIES**	
Other intangible assets	4,575	Pensions	117
Assets under development and advances	159	Severance pay	128
Electronic office machines	113		
TOTAL ASSETS	***4,847***	***TOTAL NON-CURRENT LIABILITIES***	***245***
CURRENT ASSETS		National TP suppliers	1,387
Trade receivables	427	*Trade payables*	*1,387*
Current operating prepayments	36	Other payables to personnel	41
TOTAL CURRENT ASSETS	***462***	Provision for holidays	111
TOTAL ASSETS	**5,309**	Provision for thirteenth month	27
		Provision for contributions	31
		Payables to personnel	*210*
		Payables to social security institutions	33
		Payables to social security institutions	*33*
		TOTAL LIABILITIES	**1,875**

The fair value of the business is equal to the difference between the transferred assets and liabilities.

At the same time, Aalborg Portland Digital Srl increased the share capital by EUR 490 thousand, fully undersigned by the sole shareholder Cementir Holding N.V., and also set up a share premium reserve of EUR 2,940 thousand. The latter consequently increased the value of the investment by the same amount.

It should be noted that the transfer has as effective date May 1st, 2020 and consequently the accounting effects of the transaction have taken into account the changes occurred between the estimate date and the aforementioned effective date.

The accounting effects of the transfer on the balance sheet of Cementir Holding NV are shown below:

(EUR'000)	Pre-transfer values (30/04/2020)	Transfer	Post-transfer values (01/05/2020)
ASSETS			
NON-CURRENT ASSETS			
Intangible assets with a finite life	5,041	(4,675)	366
Property, plant and equipment	3,518	(137)	3,381
TOTAL NON-CURRENT ASSETS	**453,921**	**(4,812)**	**449,109**
CURRENT ASSETS			
Trade receivables	8,493	(610)	7,883
Other current assets	6,687	(30)	6,657
TOTAL CURRENT ASSETS	**368,345**	**(640)**	**367,705**
TOTAL ASSETS	**822,266**	**(5,452)**	**816,814**
Provisions for employee benefits	2,616	(258)	2,358
Non-current financial liabilities	333,849	(19)	333,830
TOTAL NON-CURRENT LIABILITIES	**342,452**	**(277)**	**342,175**
Trade payables	3.026	(1,479)	1,547
Current financial liabilities	157,196	(12)	157,184
Other current liabilities	28,217	(254)	27,963
TOTAL CURRENT LIABILITIES	**188,770**	**(1,745)**	**187,025**
TOTAL LIABILITIES	**531,222**	**(2,022)**	**529,200**
NET ASSETS TRANSFERRED		**(3,430)**	

Finally, on 1 June 2020, Cementir Holding N.V. sold its equity investment in Aalborg Portland Digital Srl to Aalborg Portland Holding A/S. The sale price was set at EUR 3,500 thousand and therefore generated a capital gain of EUR 60 thousand. Please refer to paragraph "25. Financial income" for further details of the sale transaction.

1) Intangible assets

Intangible assets totalled EUR 301 thousand (EUR 5,050 thousand at 31 December 2019). “Other intangible assets" mainly refers to leasehold improvement costs related to the maintenance of the building in Corso di Francia 200, owned by ICAL SpA; the decrease compared to the previous year, amounting to EUR 4,749 thousand, is mainly due to the transfer of the intangible assets to Aalborg Portland Digital Srl, as described in the paragraph "Transfer of business unit to Aalborg Portland Digital Srl". Amortisation is calculated over five years.

(EUR'000)	Other intangible assets	Assets under development and advances	Total
Gross amount at 1 January 2020	**15,670**	**-**	**15,670**
Increase	635	14	649
Reclassifications	-	-	-
APD Transfer	(13,972)	(14)	(13,986)
Gross amount at 31 December 2020	**2,333**	**-**	**2,333**
Amortisation at 1 January 2020	**10,620**	**-**	**10,620**
Increase	723	-	723
APD Transfer	(9,311)	-	(9,311)
Amortisation at 31 December 2020	**2,032**	**-**	**2,032**
Net amount at 31 December 2020	**301**	**-**	**301**
Gross amount at 1 January 2019	**12,938**	**-**	**12,938**
Increase	-	2,732	2,732
Decrease	-	-	-
.Reclassifications	2,732	(2,732)	-
Gross amount at 31 December 2019	**15,670**	**-**	**15,670**
Amortisation at 1 January 2019	**8,805**	**-**	**8,805**
Increase	1,817	-	1,817
Amortisation at 31 December 2019	**10,620**	**-**	**10,620**
Net amount at 31 December 2019	**5,050**	**-**	**5,050**

During the year, personnel expenses of approximately EUR 335 thousand were capitalised (EUR 1,136 thousand in 2019). These costs were also transferred to Aalborg Portland Digital Srl in May 2020.

2) Property, plant and equipment

At 31 December 2020 the item totalled EUR 1,931 thousand (EUR 3,847 thousand at 31 December 2019). The Other assets consists of furniture, electronic equipment and servers used by the company.

(EUR'000)	Other assets	Right of use assets	Total
Gross amount at 1 January 2020	**1,687**	**5,004**	**6,691**
APD Transfer	(1,374)	(1,177)	(2,551)
Increase	4	318	322
Decrease	-	(196)	(196)
Gross amount at 31 December 2020	**317**	**3,949**	**4,266**
Depreciation at 1 January 2020	**1,349**	**1,494**	**2,843**
APD Transfer	(1,269)	(120)	(1,389)
Increase	58	963	1,021
Decrease	-	(140)	(140)
Depreciation at 31 December 2020	**138**	**2,197**	**2,335**
Net amount at 31 December 2020	**179**	**1,752**	**1,931**
Gross amount at 1 January 2019	**1,641**	**-**	**1,641**
Change in accounting policy, leases	-	6,425	6,425
Increase	46	396	442
Decrease	-	(1,817)	(1,817)
Gross amount at 31 December 2019	**1,687**	**5,004**	**6,691**
Depreciation at 1 January 2019	**1,219**	**-**	**1,219**
Change in accounting policy, leases	-	-	-
Increase	130	1,511	1,641
Decrease	-	(17)	(17)
Depreciation at 31 December 2019	**1,349**	**1,494**	**2,843**
Net amount at 31 December 2019	**337**	**3,510**	**3,847**

Property, plant and equipment includes EUR 1,752 thousand of Right of Use assets arising from the application of IFRS 16. Note 28 "IFRS 16 Leases" shows the classification of Right of Use assets according to their nature.

The decrease compared to the previous year, amounting to EUR 1,916 thousand, is mainly due to the transfer of property, plant and equipment to Aalborg Portland Digital Srl, as described in the paragraph "Transfer of business unit to Aalborg Portland Digital Srl", and due to the effects of the subleasing of the offices located in Corso di Francia 200.

The estimated useful life of the main items of plant and equipment is reported below:

	Useful life of property, plant and equipment
Various equipment	5 years
Office machines and equipment	5 years

3) Investment property

The item investment property, totalling EUR 22,856 thousand (EUR 23,100 at 31 December 2019), is recognised at fair value, as determined using appraisals prepared by a property assessor, of the property in Torrespaccata (Rome), which decreased against the previous year by EUR 244 thousand due to the slight decrease in market prices of commercial buildings in 2020. Around EUR 6.9 million of investment property has been pledged as collateral to secure non-current bank loans and borrowings with a residual, undiscounted amount of EUR 4,251 thousand at 31 December 2020.

4) Investments in subsidiaries

Totalling EUR 298,801 thousand (EUR 294,541 thousand at 31 December 2019), the item breaks down as follows:

(EUR'000)	Currency	Registered office	Investment %	Carrying amount at 31/12/2020	Investment %	Carrying amount at 31/12/2019
Cementir Espana SL	EUR	Madrid (ES)	100.00%	206,735	100.00%	206,735
Alfacem Srl	EUR	Rome (I)	99.99%	85,220	99.99%	85,220
Basi 15 Srl	EUR	Rome (I)	99.99%	6,446	99.99%	2,186
Svim 15 Srl	EUR	Rome (I)	99.99%	400	99.99%	400
Equity investments				**298,801**		**294,541**

The change compared to 2019, amounting to EUR 4,260 thousand, refers entirely to the increase in the investment in Basi 15 Srl due to a capital contribution of EUR 600 thousand and a withdrawal of a financial receivable of EUR 3,660 thousand, reclassified as investment.

All investments in subsidiaries are in unlisted companies. At the date of preparing these Financial Statements there is no evidence related to the impairment of the carrying value of the investments.

The list of direct and indirect participations of the parent is shown, according to Art. 2:379(1) DCC, in the annex to the Consolidated Financial Statements.

5) Non-current financial assets

Totalling EUR 951 thousand (EUR 106,724 thousand at 31 December 2019). The change in non-current financial assets is due to the reclassification from non-current financial assets to current financial assets of a loan granted by Cementir Holding NV to its subsidiary Aalborg Portland Holding A/S during 2016 to finance the acquisition of CCB's share capital, due to mature in October 2021. This loan was also partially repaid in 2020 for EUR 45,000 thousand.

This item also includes:

- EUR 923 thousand for financial receivables arising from the application of the IFRS16 accounting standard with Spartan Hive SpA, Aalborg Portland Digital Srl and Piemme SpA, and related to the lease of the building in Corso di Francia 200;
- EUR 28 thousand of receivables for guarantee deposits due to mature in less than five years.

6) Trade receivables

Trade receivables totalled EUR 5,013 thousand (EUR 9,618 thousand at 31 December 2019) and break down as follows:

(EUR'000)		31/12/2020	31/12/2019
Trade receivables from third parties		798	372
Loss allowance		(788)	-
Trade receivables – subsidiaries	(note 31)	4,959	9,164
Trade receivables - other group companies	(note 31)	44	82
Trade receivables		**5,013**	**9,618**

The value of trade receivables is representative of their fair value. The maturities of receivables from third party customers are as follows:

(EUR'000)	31/12/2020	31/12/2019
Not yet due	10	-
Overdue	788	372
Loss allowance	(788)	-
Total trade receivables from third parties	**10**	**372**

Trade receivables from subsidiaries refer to fees related to the Trademark License Agreement for the use of the trademark by subsidiaries.

The decrease is mainly due to the fact that the consulting services that were provided by Cementir Holding NV to the Group companies have been provided by Aalborg Portland Digital Srl since May 2020.

Trade receivables due from subsidiaries include EUR 2.395 thousand as of 31 December with past due date.

With reference to the increase of the loss allowance please refer to Note 24.

Note 31) Related party transactions provides more information about trade receivables from subsidiaries, associates and other group companies.

7) Current financial assets

Totalling EUR 172,422 thousand (EUR 140,311 thousand at 31 December 2019), the item breaks down as follows:

- loans to the subsidiary Svim 15 Srl, revocable and interest bearing, amounting to EUR 1,150 thousand;
- the loan to Aalborg Portland Holding A/S, amounting to EUR 60,752 thousand;
- the loan to the subsidiary Alfacem Srl, revocable and interest bearing, amounting to EUR 105,000 thousand;
- the loan to the subsidiary Cementir Espana SL, revocable and interest bearing, amounting to EUR 310 thousand;
- the receivable from Aalborg Portland Digital Srl arising from the cash pooling relationship starting in October 2020, for EUR 4,340 thousand.

The increase of EUR 32,111 thousand compared to the previous year is mainly due to the combination of the following effects:

- reclassification from "Non-current financial assets" of the loan to Aalborg Portland Holding A/S, amounting to EUR 60,752 thousand and maturing in October 2021;
- the cash pooling receivable described above, for EUR 4,340 thousand;
- the increase in the loan to Svim 15 Srl for EUR 65 thousand;
- partly offset by the partial repayment of the loan and interests granted to Alfacem Srl, for EUR 29,120 thousand;

The item also included EUR 60 thousand of deferrals mainly for fees on the Base Facility and the RCF.

8) Current tax assets

Current tax assets, which amounted to EUR 3,149 thousand (EUR 2,640 thousand at 31 December 2019), consisted of EUR 2,815 thousand mainly of withholding taxes applied to royalties for the use of the trademark and EUR 334 thousand of IRES tax credit arising from the 2020 National Consolidated Tax Return.

9) Other current assets

The item totalled EUR 4,835 thousand (EUR 5,378 thousand at 31 December 2019) and breaks down as follows:

(EUR'000)		**31/12/2020**	**31/12/2019**
Subsidiaries (IRES tax consolidation scheme)	(note 31)	3,149	2,190
Prepayments		73	63
VAT assets		1,425	2,914
Other receivables		188	211
Other current assets		**4,835**	**5,378**

10) Cash and cash equivalents

This item, totalling EUR 171,120 thousand (EUR 62,362 thousand at 31 December 2019) consists of cash and cash equivalents held by the Company and breaks down as follows:

(EUR'000)		**31/12/2020**	**31/12/2019**
Bank deposits		171,119	62,358
Bank deposits - related parties	(note 31)	-	-
Cash-in-hand and cash equivalents		1	3
Cash and cash equivalents		**171,120**	**62,362**

The change, amounting to EUR 108,758 thousand, is mainly attributable to the partial repayments of the loans granted to the subsidiaries Aalborg Portland Holding A/S and Alfacem Srl, previously noted, and for the remaining part to Company's net financial expense.

11) Share capital

The Company's share capital consists of 159,120,000 ordinary shares with a par value of EUR 1 each. It is fully paid-up and has not changed with respect to the previous year end.

12) Share premium reserve

This item, at 31 December 2020, totalling EUR 35,710 thousand, was unchanged from the previous year end.

13) Reserves

Other reserves totalled EUR 72,138 thousand (EUR 106,897 thousand at 31 December 2019) and break down as follows:

(EUR'000)	Legal Reserve	Other Reserves	Retained Earnings	Total
Balance at 1 January 2020	**(2,241)**	**(139)**	**109,277**	**106,897**
Increase	1,226	9	-	1,235
Decrease	-	-	(35,994)	(35,994)
Balance at 31 December 2020	**(1,015)**	**(130)**	**73,283**	**72,138**

The increase of Legal Reserve (EUR 1,226 thousand) is fully related to the increase of cash flow hedge reserve compared to 2019.

The decrease of Retained Earnings (EUR 35,994 thousand) is related to the purchase of treasury shares (EUR 4,543 thousand), as described below, the 2019 dividend distribution (EUR 22,227) and the cover of 2019 loss (EUR 9,174 thousand).

Equity items

It is noted that the Company is tax residence in Italy, the following table shows the origin, possible use and availability of equity items in respect to Italian tax rules:

(EUR'000)		Summary of utilisation in previous three years	
Nature/Description	**Amount 31.12.2020**	**To cover losses**	**For other reasons**
Share capital	**159,120**	**-**	**-**
Share premium reserve	35,710	-	-
Revaluation reserve, as per Law 342/2000 2000 and 2003	-	97,732	-
Legal reserve (Italian Law)	31,824	-	-
Reserve for treasury shares in portfolio	(4,543)	-	-
Reserve for grants related to assets A)	13,207	-	-
Reserve as per Art. 15 of Law No. 67 of 11/3/88	138	-	-
Reserve as per Law 349/95	41		
Goodwill arising on merger	21,959	35,859	40,258
Other IFRS reserves - Revaluation reserve as per Law 266/05	-	4,178	-
Other IFRS reserves	9,510	-	-
Retained earnings	-	-	20,208
Total reserves	**107,848**	**137,769**	**60,466**
Profit (loss) for the year	**14,994**	**-**	**-**
Total equity	**281,962**	**-**	**-**

A) The reserves that form part of the company's taxable profit if distributed total EUR 13,207 thousand.

The table below shows the reconciliation between Italian tax rules and Dutch Civil Code as at December 31st 2020:

(EUR'000)	**Share premium reserve**	Reserve for treasury shares	Reserve for grants related to assets	Hedging Reserve *	Legal reserve (Italian Law)	Other IAS reserves *	Reserve as per Art. 15 of Law No. 67/88	Reserve as per Law No. 349/95	Goodwill arising on merger	Actuarial reserves IAS 19*	IFRS 9 Reserve *	**Retained earnings**	**Total**
Italian Tax rules	35,710	(4,543)	13,207	(1,015)	31,824	5,171	138	41	21,959	(130)	5,486	-	107,848
Reclassification due conversion in N.V.	-	4,543	(13,207)	-	(31,824)	(5,171)	(138)	(41)	(21,959)	-	(5,486)	73,283	-
Dutch Civil Code	**35,710**	-	-	**(1,015)**	**-**	**-**	**-**	**-**	**-**	**(130)**	**-**	**73,283**	**107,848**

*other IFRS reserves

Purchase of treasury shares

It should be noted that on 2 July 2020, the extraordinary Shareholders' Meeting authorised the Board of Directors to carry out a treasury share purchase programme with a duration of 18 months and a maximum investment of EUR 60 million.

As of 31 December 2020, the purchase of treasury shares concerned a total of 694,500 shares (0.4365% of the share capital) for an equivalent value of EUR 4,543 thousand.

Dividends

During the year, the company distributed a total of EUR 22,277 thousand in dividends to shareholders for 2019, corresponding to EUR 0.14 per ordinary share.

14) Employee benefits

Post-employment benefits totalled EUR 166 thousand (EUR 298 thousand at 31 December 2019). The figure represents the company's estimate of its obligation, determined using actuarial techniques, to employees upon termination of employment. On 1 January 2007, the Italian Finance Act and related implementing decrees introduced significant reforms to the regulations governing post-employment benefits, including the right of employees to decide where to allocate their accruing benefits. Benefits may be transferred to a pension fund or kept within the company, in which case they are transferred to a special treasury fund set up by INPS.

As a result of the reforms, accruing Italian post-employment benefits now qualify as a defined contribution plan rather than a defined benefit plan.

The actuarial assumptions used for their measurement are summarised below:

Values in %	**31/12/2020**	**31/12/2019**
Annual discount rate	0.00%	0.30%
Annual post-employment benefits growth rate	2.62%	2.62%

Changes in the liability are shown below:

(EUR'000)	31/12/2020	31/12/2019
Net liability *opening balance*	**298**	**299**
Current service cost	-	-
Interest cost	1	(1)
Payments of post-employment benefits		(12)
Net actuarial gains recognised in the year	(4)	12
(Contributions received)	(129)	-
(Benefits paid)	-	-
Net liability *closing balance*	**166**	**298**

The decrease is mainly due to the transfer of the post-employment benefits of the personnel transferred to Aalborg Portland Digital Srl, amounting to EUR 129 thousand, as described in the paragraph "Transfer of business unit to Aalborg Portland Digital Srl".

Employee benefits included EUR 3,482 thousand relative to long-term incentives granted to executives.

15) Financial liabilities

Non-current and current financial liabilities are shown below:

(EUR'000)	31/12/2020	31/12/2019
Bank loans and borrowing	3,208	330,282
Other non-current loan liabilities	184	223
Other non-current financial liabilities - related parties (note 31)	1,855	3,312
Non-current financial liabilities	**5,247**	**333,817**
Bank loans and borrowing	328,572	-
Bank loans and borrowings - related parties (note 31)	58,116	-
Current portion of non-current financial liabilities	1,135	1,719
Current portion of non-current financial liabilities - related parties (note 31)	1,460	1,437
Fair value of derivatives	7,599	9,632
Other loan liabilities	18	94
Current financial liabilities	**396,900**	**12,882**
Total financial liabilities	**402,147**	**346,699**

Non-current payables to bank loans and borrowings, for EUR 3,208 thousand, entirely referring to the variable rate loan (6M Euribor + spread of 0.75%) granted by Banca Intesa SpA against a mortgage on the property located in Torrespaccata and expiring in 2024. The decrease compared to the previous year was entirely due to the reclassification of the pool loan, amounting to EUR 328,572 thousand, to "Current bank loans and borrowing".

This Loan Agreement consists of Credit Line B (short-term line) of EUR 329 million to be repaid in a single instalment in October 2021. At 31 December 2020, this credit line had been used in full.

The Financing Contract is secured by collateral appropriate to the type of transaction and requires compliance with the financial covenants, which at 31 December 2020 have been met by the Company. In particular, financial covenants to be complied with are the Group's net debt/EBITDA ratio (not exceed 2.5) and the EBITDA/ net financial expenses ratio (not less than 5.0).

The item "Trade payables - related parties for cash pooling", amounting to EUR 58,116 thousand, refers to the balance of the cash pooling accounts opened in 2020 with Spartan Hive SpA, CCB and CCB France.

The current portion of non-current financial liabilities mainly includes re-instalments due in 2020 of the floating-rate loan (6M Euribor + spread of 0.75%) granted by Banca Intesa SpA secured by a company-owned property in Torrespaccata (EUR 1,010 thousand).

Other non-current loan liabilities, amounting to EUR 2,039 thousand (EUR 184 thousand to third parties and EUR 1,855 thousand to related parties), relate to the payable resulting from the application of IFRS 16; while other current loan liabilities, totalling EUR 18 thousand, mainly consist of accrued interest due on noncurrent loans.

The negative fair value of derivatives totalled approximately EUR 7,599 thousand; the figure is related to the fair value measurement at 31 December 2020 of derivatives purchased to hedge interest rate and currency risks connected with liabilities falling due between January 2021 and February 2027.

At 31 December 2020, a company-owned property in Torrespaccata, Rome, was mortgaged to third parties for EUR 6.9 million to secure the loan granted by Banca Intesa SpA.

Sureties given to third parties at 31 December 2020 amounted to EUR 9,234 thousand (GBP 8.3 million). They include sureties issued to the subsidiaries Quercia Limited and Neales Waste Management, in favour of Intesa San Paolo SpA and UniCredit.

Sureties in GBP were translated into euros at the exchange rates effective at 31 December 2020, equal to EUR/GBP 0.89903.

The company's exposure, broken down by due date of the financial liabilities, is as follows:

(EUR'000)		**31/12/2020**	**31/12/2019**
Within three months		398	964
• *third parties*		-	*606*
• *related parties*	*(note 31)*	*398*	*357*
Between three months and one year		396,502	11,919
• *third parties*		*338,386*	*10,839*
• *related parties*	*(note 31)*	*58,116*	*1,080*
Between one and two years		2,635	328,637
• *third parties*		*1,044*	*327,178*
• *related parties*	*(note 31)*	*1,591*	*1,459*
Between two and five years		2,612	5,180
• *third parties*		*2,164*	*3,326*
• *related parties*	*(note 31)*	*448*	*1,854*
After five years		-	-
Total financial liabilities		**402,147**	**346,699**

The carrying amount of current and non-current financial liabilities equals their fair value.

Net financial debt

As required by CONSOB Communication 6064293 of 28 July 2006, the company's net financial debt is shown in the next table:

(EUR'000)	31/12/2020	31/12/2019
A. Cash	1	3
B. Other cash equivalents	171,119	62,358
C. Cash and cash equivalents (A+B)	**171,120**	**62,362**
D. Current loan assets	**172,422**	**140,311**
E. Current bank loans and borrowings	(328,572)	-
F. Current portion of non-current debt	(2,595)	(3,156)
G. Other current loan liabilities	(65,733)	(9,727)
H. Current financial debt (E+F+G)	**(396,900)**	**(12,882)**
I. Net current financial debt (C+D+H)	**(53,357)**	**189,790**
J. Non-current bank loans and borrowings	(3,208)	(330,282)
K. Other non-current liabilities	(2,039)	(3,535)
L. Non-current financial debt (J+K)	**(5,247)**	**(333,817)**
M. Net financial debt (I+L)	**(58,604)**	**(144,027)**

The Company's net financial debt at 31 December 2020 amounted to EUR 58,604 thousand (EUR 144,027 thousand at 31 December 2019) down by EUR 85,423 thousand compared to the previous year. This change was mainly due to the partial repayment, for EUR 45,000 thousand, of the loan granted to the subsidiary Aalborg Portland Holding A/S during the year, and to the partial repayment, for EUR 29,120 thousand, of the loan granted to the subsidiary Alfacem Srl.

The item "Current bank loans and borrowings" increased due to the reclassification from the item "Non-current bank loans and borrowings" of the loan agreement for EUR 329 million, to be repaid in a single instalment in October 2021.

The item "Other current financial payables", amounting to EUR 65,733 thousand (EUR 9,727 thousand at 31 December 2019) increased by EUR 56,006 thousand mainly due to the balance of the cash pooling accounts opened during 2020 with Spartan Hive SpA, CCB and CCB France.

In accordance with Consob communication No. 6064293 of 28 July 2006, the value of non-current receivables has not been included in the calculation of the Company's net financial debt.

If the loan had been included, the net financial debt of Cementir Holding NV would have been EUR 57,653 thousand (as presented below).

(EUR'000)	31/12/2020	31/12/2019
Current financial assets	172,422	140,311
Cash and cash equivalents	171,120	62,362
Current financial liabilities	(396,900)	(12,882)
Non-current financial liabilities	(5,247)	(333,817)
Net financial debt (as per CONSOB Communication)	**(58,604)**	**(144,027)**
Non-current financial assets	951	106,132
Total net financial debt	**(57,653)**	**(37,895)**

The change in "Non-current financial assets" related to the reclassification of the loan that Cementir Holding NV granted to the subsidiary Aalborg Portland Holding A/S, maturing in October 2021, for EUR 60,752 thousand and to the partial repayment of the same loan for EUR 45,000 thousand.

16) Trade payables

The carrying amount of trade payables approximates their fair value. Their balance of EUR 1,672 thousand (EUR 3,779 thousand at 31 December 2019) may be analysed as follows:

(EUR'000)	31/12/2020	31/12/2019
Trade payables - third parties	1,422	3,316
Trade payables - related parties (note 31)	250	463
Trade payables	**1,672**	**3,779**

The decrease in this item, amounting to EUR 2,107 thousand, was mainly due to the transfer of trade payables (EUR 1,479 thousand) to Aalborg Portland Digital Srl in connection with the transfer of a business unit described in the section "Transfer of a business unit to Aalborg Portland Digital Srl".

Note 31) Related party transactions gives a breakdown of trade payables to subsidiaries, associates and Parents.

17) Deferred tax assets and liabilities

At 31 December 2020, deferred tax assets, amounted to EUR 16,043 thousand, includes deferred tax assets net of deferred tax liabilities as shown below:

(EUR'000)	31/12/2019	Accruals, net of utilisation in profit or loss	Increase, net of decreases in equity	Other changes	31/12/2020
Tax losses	9,456	3,768			13,224
Other	9,613	(1,206)	(517)		7,890
Deferred tax assets	**19,069**	**2,562**	**(517)**		**21,114**
Difference between fair value and their tax base	5,617	(73)	(473)		5,071
Deferred tax liabilities	**5,617**	**(73)**	**(473)**		**5,071**
Total	**13,452**				**16,043**

At 31 December 2020, deferred tax assets, totalling EUR 21,114 thousand, consisted mainly of IRES assets due to the tax losses of companies that opted to join the Italian national tax consolidation scheme; The company expects to recover them over the coming years within the timeframe defined by the relevant legislation. The change compared to the previous year, amounting to EUR 2,045 thousand, was mainly due to the utilisation of current provisions for EUR 2,725 thousand, partially offset by provisions for non-deductible interest expenses, loss allowance and long-term incentives for management personnel.

Deferred tax liabilities, totalling EUR 5,071 thousand at 31 December 2020, consisted of EUR 4,197 thousand in IRES liabilities and EUR 874 thousand in IRAP liabilities.

18) Other current liabilities and current and non-current provisions

(EUR'000)	31/12/2020	31/12/2019
Payables to personnel	1,255	1,471
Social security institutions	414	678
Other liabilities	5,292	8,882
Subsidiaries (IRES and VAT tax consolidation scheme) (note 31)	658	276
Other payables - related parties (Note 31)	4	6
Other current liabilities	**7,623**	**11,312**

The other liabilities mainly refer to fees paid to directors and statutory auditors for a total of EUR 4,005 thousand. The change compared to the previous year is substantially related to the financial settlement, for EUR 5,118 thousand, of the Antitrust proceedings commenced by the competent Antitrust Authority (AGCM) and as per decision by the Council of State at the hearing of 7 February 2019.

The amount due to subsidiaries primarily comprises amounts owed by Cementir Holding to companies that have joined the national IRES tax consolidation scheme following the assignment of tax losses of previous years.

At 31 December 2020, non-current provisions amounted to EUR 370 thousand, unchanged compared to 31 December 2019.

The current provisions at 31 December 2020 were fully utilised (EUR 10,409 thousand at 31 December 2019); The utilisation of the period is related to the execution of a settlement agreement, for compensation requests relating to previous transactions.

19) Revenue

(EUR'000)	2020	2019
Services	10,960	25,747
Revenue	**10,960**	**25,747**

Revenue mainly included EUR 8,680 thousand in revenue from royalties for the use of the trademark by subsidiaries and EUR 1,729 thousand for consultancy services provided to those same subsidiaries until April 2020.

The decrease compared to the previous year is mainly due to the fact that the above-mentioned consultancy services have been provided by Aalborg Portland Digital Srl since May 2020.

Note 31) Related-party transactions provides more information about revenue from subsidiaries, associates and other Group companies.

20) Increase for internal work

Increase for internal work, equal to EUR 335 thousand, reflects the work performed by employees of Cementir Holding NV to install IT software that will have economic benefits over multiple years. This amount, referring to activities carried out in the first four months of 2020, was capitalised in intangible assets and then transferred to Aalborg Portland Digital Srl.

21) Other operating revenue

(EUR'000)	2020	2019
Building lease payments	402	409
Other income	142	172
Other operating revenue	**544**	**581**

Building lease payments refer to leases on the property in Torrespaccata, Rome.

22) Personnel costs

(EUR'000)	2020	2019
Wages and salaries	5,510	7,667
Social security charges	1,907	2,568
Other costs	4,487	2,074
Personnel costs	**11,904**	**12,309**

"Other costs" includes EUR 2,640 thousand (EUR 897 thousand at 31 December 2019) relative to long-term incentives granted to executives.

The company's workforce breaks down as follows:

	31/12/2020	31/12/2019	2020 average	2019 average
Executives	18	29	21	30
Middle management, white collars and intermediates	26	41	32	42
Total	**44**	**70**	**53**	**71**

The Company has no employees in the Netherlands.

23) Other operating costs

(EUR'000)	2020	2019
Consultancy	1,783	3,161
Directors' fees	5,929	5,281
Independent auditors' fees	213	210
Other services	1,655	2,632
Other operating costs	4,940	1,988
Other operating costs	**14,520**	**13,271**

Other services included, inter alia, costs for managing the Torrespaccata property (EUR 116 thousand).

The total includes transactions with related parties; see note 31 for full details.

24) Amortisation, depreciation, impairment losses and provisions

(EUR'000)	2020	2019
Amortisation	722	1,817
Depreciation	1,022	1,640
Provisions	788	260
Amortisation, depreciation, impairment losses and provisions	**2,532**	**3,717**

Amortisation and depreciation includes EUR 963 thousand in amortisation of right of use assets deriving from the application of IFRS 16.

The decrease in this item, amounting to -EUR 1,185 thousand, was mainly due to the transfer of intangible assets to Aalborg Portland Digital Srl in connection with the transfer of a business unit described in the section "Transfer of a business unit to Aalborg Portland Digital Srl".

Provisions relate to the impairment losses of certain trade receivables from third parties.

25) Net financial expense

Financial income net of expenses was EUR 28,263 thousand. This result is broken down as follows:

(EUR'000)	2020	2019
Total income from investments	**29,760**	**-**
Interest income from third parties	688	614
Interest income from related parties (note 31)	3,425	4,642
Other financial income	8,766	258
Total financial income	**12,879**	**5,514**
Interest expense	(8,751)	(9,457)
Interest expense - related parties (note 31)	(62)	(83)
Other financial expense	(5,563)	(5,733)
Total financial expense	**(14,376)**	**(15,274)**
Net financial income (expense)	**28,263**	**(9,760)**

The item "Income from investments", amounting to EUR 29,760 thousand, includes:

- EUR 29,700 thousand related to the gain recorded from the sale to Aalborg Portland Holding A/S of the investment held in Spartan Hive SpA, which took place in January 2020 and was classified in the 2019 financial statements under "Assets held for sale";
- EUR 60 thousand related to the gain arising from the sale to Aalborg Portland Holding A/S of the investment held in Aalborg Portland Digital Srl, which took place on 1 June 2020.

Other financial income amounting to EUR 8,766 thousand (EUR 258 thousand as of 31 December 2019) consisted of gains on derivative financial instruments purchased to hedge currency.

Other financial expense totalled EUR 5,563 thousand (EUR 5,733 thousand as of 31 December 2019) mainly consisted of expenses connected to Credit Line B and losses on the measurement of derivatives held to hedge currency and interest rate risks.

26) Income taxes

The item shows a net tax income of EUR 3,848 thousand (EUR 2,420 thousand in 2019) and breaks down as follows:

(EUR'000)	2020	2019
Current taxes	486	1,427
- *IRES*	*486*	*1,427*
- *IRAP*		-
Income taxes tax assets	2,817	1.036
- *IRES*	*2,729*	*986*
- *IRAP*	*88*	*50*
Income taxes tax liabilities	545	(43)
- *IRES*	*442*	*(39)*
- *IRAP*	*103*	*(4)*
Taxes	**3,848**	**2,420**

The following table shows a reconciliation between the theoretical tax expense and the effective expense recognised in the income statement:

(EUR'000)	2020	2019
Theoretical tax expense (based on Italian nominal tax rate)	**(2,675)**	**(2,783)**
Taxable permanent differences	(185)	(133)
Deductible permanent differences	6,827	58
Prior year taxes	(310)	5,278
Change in IRES tax rate	-	-
Effective IRAP tax expense	191	-
Taxes	**3,848**	**2,420**

The Company, as allowed by the Consolidated Income Tax Act, participates in the group tax regime called “National tax consolidation scheme” as Parent.

27) Other comprehensive expense

The following table gives a breakdown of other comprehensive expense, including and excluding the related tax effect:

(EUR'000)	2020			2019		
	Gross amount	Tax effect	Net amount	Gross amount	Tax effect	Net amount
Financial instruments	11	(3)	**8**	890	(263)	**627**
Net actuarial gains (losses) on post-employment benefits	1,741	(515)	**1,226**	(12)	3	**(9)**
Total other comprehensive income (expense)	**1,752**	**(518)**	**1,234**	**878**	**(260)**	**617**

28) IFRS 16 Leases

The following table shows the impact of the application of IFRS 16 for the Company at 31 December 2020 and the related disclosures:

(EUR'000)	Land and buildings	Plant and equipment	Other assets	Total Right of use assets
Gross amount at 1 January 2020	**4,368**	**587**	**48**	**5,003**
Transfer to APD	(898)	(231)	(48)	(1,177)
Increase	3	315	-	318
Decrease	-	(195)	-	(195)
Gross amount at 31 December 2020	**3,473**	**476**	**-**	**3,949**
Amortisation at 1 January 2020	**1,281**	**201**	**12**	**1,494**
Transfer to APD	-	(104)	(16)	(120)
Amortisation	745	214	4	963
Decrease	-	(140)	-	(140)
Amortisation at 31 December 2020	**2,026**	**171**	**-**	**2,197**
Net amount at 31 December 2020	**1,447**	**305**	**-**	**1,752**

As at 31 December 2020, right of use assets reached EUR 1,752 thousand and mainly included the contract for the offices at Corso Francia 200 (EUR 1,447 thousand million).

The amortisation period of the right-of-use assets is reported below:

	Useful life of the right of use assets
Land and buildings	6 years
Plant and equipment	4 years
Other assets	4 years

The Company's exposure, broken down by expiry of the lease liabilities, is as follows:

(EUR'000)	31/12/2020
Within three months	438
Between three months and one year	1,277
Between one and two years	1,681
Between two and five years	500
After five years	-
Total undiscounted lease liabilities at December 31, 2020	**3,896**

Current and non-current lease liabilities are shown below:

(EUR'000)	**31/12/2020**
Non-current lease liabilities	184
Non-current lease liabilities - related parties (note 31)	1,855
Non-current lease liabilities	**2,039**
Current lease liabilities	125
Current lease liabilities - related parties (note 31)	1,460
Current lease liabilities	**1,585**
Total lease liabilities	**3,624**

Amounts recognised in profit/(loss) in the income statement

(EUR'000)	**2020**
Amortisation (note 24)	(963)
Interest expense on lease liabilities	(70)

Amounts recognised in the cash flow statement

(EUR'000)	**2020**
Total cash outflow for leases	1,729

29) Financial risk management and disclosures

The company is exposed to financial risks connected with its operations, namely:

Credit risk

Cementir Holding N.V.'s exposure to credit risk is not considered particularly significant as it mainly does business with subsidiaries and related parties whose risk of insolvency is substantially inexistent.

The credit risk of the trade receivables due from subsidiaries is considered not significant.

Note 6 provides details about trade receivables due from third parties that are overdue, impaired or not yet due.

With respect to bank deposits (refer to Note 10) and derivatives (refer to Note 7), the Company has always worked with leading counterparties, thus limiting its credit risk in this sense.

Liquidity risk

Liquidity risk concerns the availability of financial resources and access to credit market and financial instruments.

The company monitors its cash flows, funding requirements and liquidity levels in order to ensure the effective and efficient use of its financial resources.

The company has credit lines which cover any unforeseen requirements.

Note 15 provides a breakdown of financial liabilities by due date.

Market risk

The market risk mainly concerns currency and interest rate risks.

Currency risk

Cementir Holding N.V. is directly exposed to currency risk to a limited degree in relation to loans and deposits held in foreign currency. The Company constantly monitors these risks so as to assess any impact in advance and take any necessary mitigating actions.

Interest rate risk

As Cementir Holding NV has floating rate bank loans, it is exposed to the risk of fluctuations in interest rates. This risk is considered moderate as the company's loans are currently only in euros and the medium to long-term interest rate curve is not steep. Having thoroughly assessed the level of rates expected and debt reduction timing based on cash forecasts, Interest Rate Swaps are agreed to partly hedge the risk.

At 31 December 2020, the company's net financial debt amounted to EUR 58,604 thousand (including EUR 343,542 thousand in current loan assets and cash and cash equivalents, EUR 396,900 thousand in current loan liabilities and EUR 5,247 thousand in non-current loan liabilities). All its exposures are subject to floating interest rates.

With respect to the floating rate on net financial debt, an annual 1% increase in interest rates, assuming all the other variables remain stable, would have had a negative effect on profit before taxes of EUR 1 million (EUR 2.3 million in 2019) and on equity of EUR 0.8 million (EUR 1.7 million at 31 December 2019). A similar decrease in interest rates would have an identical positive impact.

30) Fair value hierarchy

IFRS 13 requires that assets and liabilities carried at fair value be classified using a hierarchy which reflects the sources of the inputs used to measure their fair value. The hierarchy consists of the following levels:

- Level 1: measurement of fair value using quoted prices on active markets for identical assets or liabilities which can be accessed by the entity at the valuation date.

- Level 2: measurement of fair value using inputs other than the quoted prices included within Level 1 which are directly observable (such as prices) or indirectly observable (i.e., derived from prices) on the market.

- Level 3: measurement of fair value using inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of assets and liabilities is classified as follows:

31 December 2020 (EUR'000)	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment property	3	-	-	22,856	**22,856**
Total assets		**-**	**-**	**22,856**	**22,856**
Current financial liabilities (derivative instruments)	15	-	7,599	-	**7,599**
Total liabilities		**-**	**7,599**	**-**	**7,599**

31 December 2019 (EUR'000)	Note	Level 1	Level 2	Level 3	Total
Investment property	3	-	-	23,100	**23,100**
Total assets		**-**	**-**	**23,100**	**23,100**
Current financial liabilities (derivative instruments)	15	-	9,632	-	**9,632**
Total liabilities		**-**	**9,632**	**-**	**9,632**

No transfers among the levels took place during 2020.

31) Related party transactions

Transactions performed by the Company with related parties are part of its normal business operations and usually take place at market conditions; there were no atypical or unusual transactions, not within normal company management. It should be noted that Cementir Holding NV granted loans to the subsidiaries Svim 15 Srl, Alfacem Srl, Cementir España SL and Spartan Hive SpA, as described in Note 7. These loans are also described in note 15 “Net financial debt”.

On 5 November 2010, the Board of Directors of Cementir Holding NV approved a new procedure for related party transactions complying with CONSOB guidelines, issued pursuant to CONSOB Resolution No. 17221 of 12 March 2010 and subsequent amendments and additions thereto. The procedure has been applicable starting from 1 January 2011. On 13 November 2019, the Board of Directors resolved to make a number of changes to the Related Party Transaction Procedure, following the conversion of Cementir Holding into a company under Dutch law. Finally, it should be noted that the procedure was again approved by the Board of Directors on 9 November 2020 during the periodic review of company procedures.

As required by CONSOB Communication No. 6064293 of 28 July 2006, related party transactions and their effects are reported in the table below:

Trade and financial transactions

Year 2020 (EUR'000)	**Trade receivables**	**Non-current financial assets**	**Current financial assets**	**Other current assets**	**Trade payables**	**Current and non-current financial**	**Other current liabilities**	**Balance**
Cimentas AS	2,813	-	-	-	-	-	-	**2,813**
Alfacem Srl	-	-	105,000	-	-	-	(18)	**104,982**
Aalborg Portland Holding A/S	1,909	-	60,752	-	-	-	-	**62,661**
Basi 15 Srl	-	-	-	-	-	-	(308)	**(308)**
Svim 15 Srl	-	-	1,150	-	-	-	(70)	**1,080**
Cementir Espana SL	-	-	310	-	-	-	-	**310**
Aalborg Portland A/S	-	-	-	-	-	-	-	**-**
Lehigh White Cement Company	20	-	-	-	-	-	-	**20**
Quercia Ltd		-	-	-	-	-	-	**-**
Aalborg Portland Digital S.r.l.	50	364	4,647	13	-	-	(87)	**4,987**
Spartan Hive SpA		112	101	3,136	-	(5,573)	(176)	**(2,400)**
Recydia	108	-	-	-	-	-	-	**108**
Caltagirone SpA	42	-	-	-	(250)	-	-	**(208)**
Vianini Lavori SpA	-	-	-	-	-	-	-	**-**
Piemme SpA	2	447	402		-	-	(3)	**847**
Compagnie des Ciments Belges France SA	-	-	-	-	-	(20,989)	-	**(20,989)**
Compagnie des Ciments Belges SA	59	-	-	-	-	(31,554)	-	**(31,495)**
Aalborg Portland Malaysia Sdn. Bhd.	-	-	-	-	-	-	-	**-**
Aalborg Portland Anqing CO. LTD.	-	-	-	-	-	-	-	**-**
ICAL SpA	-	-	-	-	-	(3,315)	-	**(3,315)**
Total related parties	**5,003**	**923**	**172,362**	**3,149**	**(250)**	**(61,431)**	**(662)**	**119,094**
Total financial statements item	**5,013**	**951**	**172,422**	**4,835**	**(1,672)**	**(396,900)**	**(7,623)**	
% of item	**99.80%**	**97.06%**	**99.97%**	**65.13%**	**14.95%**	**15.48%**	**8.70%**	

Year 2019 (EUR'000)	**Trade receivables**	**Non-current financial assets**	**Current financial assets**	**Other current assets**	**Trade payables**	**Current and non-current financial**	**Other current liabilities**	**Balance**
Cimentas AS	3,425	-	-	-	-	-	-	**3,425**
Alfacem Srl	-	-	134,120	-	-	-	(11)	**134,110**
Aalborg Portland Holding A/S	5,457	105,070	-	-	-	-	-	**110,527**
Basi 15 Srl	-	-	3,561	-	-	-	(216)	**3,346**
Svim 15 Srl	-	-	1,085	-	-	-	(48)	**1,038**
Cementir Espana SL	-	-	310	-	-	-	-	**310**
Aalborg Portland A/S	-	-	-	-	-	-	-	**-**
Sinai White Portland Cement Co.S.A.E.	20	-	-	-	-	-	-	**20**
Quercia Ltd	-	-	-	5	-	-	-	**5**
Spartan Hive SpA	214	212	98	2,186	-	-	(1)	**2,708**
Caltagirone SpA	82	-	-	-	(450)	-	-	**(368)**
Vianini Lavori SpA	-	-	-	-	(13)	-	-	**(13)**
Piemme SpA	-	850	393	-	-	-	(6)	**1,237**
Compagnie des Ciments Belges SA	11	-	-	-	-	-	-	**11**
Aalborg Portland Malaysia Sdn. Bhd.	38	-	-	-	-	-	-	**38**
Aalborg Portland Anqing CO. LTD.	-	-	-	-	-	-	-	**-**
ICAL SpA	-	-	-	-	-	(4,750)	-	**(4,750)**
Total related parties	**9,246**	**106,132**	**139,568**	**2,190**	**(463)**	**(4,750)**	**(281)**	**251,642**
Total financial statements item	**9,618**	**106,724**	**140,311**	**5,378**	**(3,779)**	**(346,699)**	**(11,312)**	
% of item	**96.13%**	**99.45%**	**99.47%**	**40.73%**	**12.25%**	**1.37%**	**2.49%**	

Revenue and costs

Year 2020 (EUR'000)	Operating revenue and other income	Financial income	Operating costs	Financial expense	Balance
Caltagirone SpA	-	-	(450)	-	**(450)**
Cimentas AS	1,631	-	-	-	**1,631**
Alfacem Srl	-	1,818	-	-	**1,818**
Basi 15 Srl	-	6	-	-	**6**
Svim 15 Srl	-	2	-	-	**2**
Aalborg Portland Holding A/S	8,778	31,309	-	-	**40,087**
Aalborg Portland A/S	-	-	-	-	**-**
Sinai White Portland Cement Co.S.A.E.	-	-	-	-	**-**
Aalborg Portland Digital S.r.l.	355	51	(110)	-	**296**
Vianini Lavori SpA	-	-	(42)	-	**(42)**
Piemme SpA	83	29	-	-	**112**
Spartan Hive SpA	67	9	(64)	-	**12**
Compagnie des Ciments Belges SA	-	1	-	-	**1**
Compagnie des Ciments Belges France SA	-	1	-	-	**-**
Aalborg Portland Malaysia Sdn. BHD.	-	-	-	-	**-**
ICAL SpA	-	-	-	(62)	**(62)**
Total related parties	**10,914**	**33,226**	**(666)**	**(62)**	**43,412**
Total financial statements item	**11,839**	**42,639**	**(14,520)**	**(14,376)**	
% of item	**92.19%**	**77.92%**	**4.59%**	**0.43%**	

Year 2019 (EUR'000)	Operating revenue and other income	Financial income	Operating costs	Financial expense	Balance
Caltagirone SpA	-	-	(450)	-	**(450)**
Cimentas AS	3,944	-	-	-	**3,944**
Alfacem Srl	-	2,117	-	-	**2,117**
Basi 15 Srl	-	5	-	-	**5**
Svim 15 Srl	-	2	-	-	**2**
Aalborg Portland Holding A/S	21,059	2,504	-	-	**23,563**
Aalborg Portland A/S	-	-	-	-	**-**
Sinai White Portland Cement Co.S.A.E.	20	-	-	-	**20**
Vianini Lavori SpA	-	-	(42)	-	**(42)**
Piemme SpA	27	12	(50)	-	**(11)**
Spartan Hive SpA	332	3	-	-	**335**
Compagnie des Ciments Belges SA	11	-	-	-	**11**
Aalborg Portland Malaysia Sdn. BHD.	38	-	-	-	**38**
ICAL SpA	-	-	-	(83)	**(83)**
Total related parties	**25,430**	**4,642**	**(542)**	**(83)**	**29,447**
Total financial statements item	**27,463**	**5,514**	**(13,271)**	**(15,274)**	
% of item	**92.60%**	**84.19%**	**4.08%**	**0.55%**	

Revenue from the subsidiaries Cimentas AS and Aalborg Portland Holding A/S refers to fees for the Trademark License Agreement and fees for the Cementir Group Intercompany Service Agreement (the latter in force until April 2020), whereas for Spartan Hive SpA and Aalborg Portland Digital Srl revenue only refers to fees for the Cementir Group Intercompany Service Agreement.

Financial income from Aalborg Portland Holding A/S included the gains realised on the sale of the investments in Spartan Hive SpA (EUR 29,700 thousand) and Aalborg Portland Digital Srl (EUR 60 thousand); financial income from Alfacem Srl relates to interest accrued on the loan granted.

Operating costs from Spartan Hive SpA (EUR 64 thousand) relate to purchasing services, while operating costs from Aalborg Portland Digital Srl (EUR 110 thousand) relate to consulting services.

Trade receivables refer to invoices for management and branding fees sent to Cimentas, Aalborg Portland.

Financial assets refer to interest-bearing loans to Aalborg Portland Holding A/S (EUR 60,752 thousand), Svim 15 Srl (EUR 1,150 thousand), Alfacem (EUR 105,000 thousand) and the noninterest bearing loan to Cementir Espana (EUR 310 thousand). In addition, there are financial receivables from arising from the cash pooling relationship with Aalborg Portland Digital Srl (EUR 4,647 thousand) and from Piemme (EUR 402 thousand) and Spartan Hive (EUR 101 thousand), deriving from the sublease of part of the premises at Corso di Francia 200 from 1 September 2019, recognised in accordance with IFRS 16.

Current and non-current financial liabilities essentially include the balances of cash pooling relationships with Spartan Hive (EUR 5,573 thousand) Srl, CCB SA (EUR 31,554 thousand) and CCB France SA (EUR 20,989 thousand).

Other current liabilities and other current assets mainly related to the effects of Cementir Holding NV and the companies Alfacem Srl, Spartan Hive SpA, Aalborg Portland Digital Srl, Basi15 Srl and Svim15 Srl joining the national tax consolidation scheme.

32) Assets held for sale

The decrease from the previous year (EUR 300 thousand) relates to the sale of the investment in Spartan Hive SpA to Aalborg Portland Holding A/S in January 2020. This transaction generated a gain of EUR 29,700 thousand in the financial statements of Cementir Holding NV, as described in note 25.

33) Independent auditors’ fees

Fees charged in 2020 to the independent auditors totalled approximately EUR 269 thousand, including EUR 255 thousand for audit services and EUR 14 thousand for other services (EUR 229 thousand in 2019 of which EUR 190 thousand for audit services and EUR 39 thousand for other services).

34) Director's remuneration

Compensation paid in financial year 2020 totalled EUR 5,798 thousand (EUR 5,572 thousand in 2019) as shown below:

(EUR'000)	**2020**	**2019**
Fixed Remuneration	1,978	2,016
Compensation for participation in committees	160	200
Variable Compensation	3,428	3,125
Non-monetary benefits	7	6
Other fees	225	225
Total	**5,798**	**5,572**

The key management personnel compensation is mainly relating to short-term employee benefits.

35) Off balance sheet liabilities

Regarding pledge as collateral for banks loans refer to note 15.

36) Events after the reporting period

In compliance with the resolution of the Shareholders' Meeting of 2 July 2020, the programme for the purchase of treasury shares continued at the date of 28 February 2021 for a total of 1,675,000 shares equal to 1.0527% of the share capital (694,500 shares equal to 0.4365% of the share capital at 31 December 2020) for a total outlay of EUR 12,028 thousand (EUR 4,543 thousand at 31 December 2020).

No other significant events occurred after the end of the year.

OTHER INFORMATION

PROPOSED ALLOCATION OF THE LOSS FOR THE YEAR 2020 OF CEMENTIR HOLDING N.V.

The Board of Directors proposes that the Shareholders' Meeting:

- approve the separate financial statements as at and for the year ended 31 December 2020 - including the statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and these notes - showing a profit of EUR 14,994 thousand;
- distribute, as a dividend, a total of EUR 22,277 thousand as EUR 0.14 for each ordinary share, before any applicable withholdings required by law, using:
    - the profit of the year of EUR 14,994 thousand;
    - retained earnings for EUR 7,283 thousand.

Rome, 9 March 2021

Chairman of the Board of Directors

/f/ Francesco Caltagirone Jr.

BLANK PAGE

Independent auditor's report

To: the Shareholders' meeting of Cementir Holding N.V.

Report on the audit of the financial statements 2020 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Cementir Holding N.V. as at 31 December 2020 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2020 of Cementir Holding N.V. ('the Company') based in Amsterdam, the Netherlands.

The financial statements comprise:

1 the consolidated and separate statement of financial position as at 31 December 2020;

2 the following consolidated and separate statements for 2020: the income statement, the statements of comprehensive income, changes in equity and cash flows; and

3 the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Cementir Holding N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit approach

Summary

Materiality
— Materiality of EUR 10 million for the consolidated financial statements
— 0.8% of consolidated revenue
— Materiality of EUR 5 million for the separate financial statements
— 0.8% of total assets

Group audit
— 97% of consolidated total assets
— 92% of consolidated revenue

Key audit matters
— Impairment testing on goodwill

Opinion
Unqualified opinion

Materiality

Based on our professional judgement we determined the materiality for the consolidated financial statements as a whole at EUR 10 million (2019: EUR 11 million) and for the separate financial statements as a whole at EUR 5 million (2019: EUR 5 million).

The materiality for the consolidated financial statements is determined with reference to the consolidated revenue (0.8%). We consider revenue as the most appropriate benchmark because the main focus of stakeholders is, amongst other metrics, on revenue. Additionally, revenue appears to be less volatile than other benchmarks, such as profit before taxes.

The materiality for the separate financial statements is determined with reference to total assets (0.8%). We consider total assets as the most appropriate benchmark given the primary nature of the parent Company's activities, the holding of investments.

The benchmarks for both consolidated and separate financial statements did not change from prior year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the consolidated and separate financial statements for qualitative reasons.

We agreed with the Board of Directors that misstatements in excess of EUR 500 thousand and EUR 250 thousand which are identified during the audit of the consolidated and separate financial statements respectively, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Cementir Holding N.V. is at the head of a group of components. The financial information of this group is included in the financial statements of Cementir Holding N.V.

Our group audit mainly focused on significant components that are of individual financial significance to the group.

We have:

- made use of the work of other auditors for the audit of Cementir Holding N.V., Aalborg Portland Holding A/S, Çimentaş A.S. and Compagnie des Ciments Belges CCB S.A.;
- set component materiality levels, which ranged from EUR 1.0 million to EUR 7.8 million, based on the mix of size and financial statement risk profile of the components within the group to reduce the aggregation risk to an acceptable level;
- provided detailed instructions to the component auditors, covering amongst others the significant risks of material misstatement, and the information required to be reported back to the group audit team;
- for the components in scope of the group audit, held conference calls and virtual meetings with the auditor of significant components. During these meetings and calls, the planning, risk assessment, procedures performed, findings and observations reported to the group auditor were discussed in more detail and any further work deemed necessary by the group audit team was then performed;
- performed (due to COVID-19, remote) file reviews of the components Cementir Holding N.V. and Çimentaş A.S. The number of file reviews decreased since a first year audit is not applicable anymore;
- performed selected audit procedures ourselves at Cementir Holding N.V. with respect to compliance with specific Dutch disclosure requirements and those related to communication to those charged with governance;
- for the non-significant components, performed analytical procedures at the aggregated group level in order to corroborate our assessment that there are no risks of material misstatements within these non-significant group entities.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group’s financial information to provide an opinion on the financial statements.

The audit coverage as stated in the section ‘Summary' can be further detailed as follows:

Total assets

79%
Audit of the complete reporting package

18%
Specified audit procedures

Revenue

92%
Audit of the complete reporting package

Our focus on the risk of fraud and non-compliance with laws and regulations

Our objectives

The objectives of our audit with respect to fraud and non-compliance with laws and regulations are:

With respect to fraud:

— to identify and assess the risks of material misstatement of the financial statements due to fraud;

— to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate audit responses; and

— to respond appropriately to fraud or suspected fraud identified during the audit.

With respect to non-compliance with laws and regulations:

— to identify and assess the risk of material misstatement of the financial statements due to non-compliance with laws and regulations; and

— to obtain a high (but not absolute) level of assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error when considering the applicable legal and regulatory framework.

The primary responsibility for the prevention and detection of fraud and non-compliance with laws and regulations lies with the Board of Directors. We refer to the chapter ‘Risks and Uncertainties of the Directors’ Report’ contained in the Annual Report where the Board of Directors included its risk assessment.

Our risk assessment

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated the fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Group and we inquired the Board of Directors as to whether the entity is in compliance with such laws and regulations and inspected correspondence, if any, with relevant licensing and regulatory authorities.

The potential effect of the identified laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements, including taxation and financial reporting. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items and therefore no additional audit response is necessary.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have an indirect material effect on amounts recognized or disclosures provided in the financial statements, or both, for instance through the imposition of fines or litigation.

We identified the following areas as those most likely to have such an indirect effect: environment, health and safety, labour law and trade union requirements and anti-competition.

In accordance with the auditing standard we evaluated the following fraud risks that are relevant to our audit, including the relevant presumed risks:

- fraud risk in relation to revenue recognition, being the risk with respect to an overstatement of revenues during the cut-off period close to the financial year-end (the presumed risk); and
- fraud risk in relation to management override of controls to meet targets and/or expectations (the presumed risk).

We communicated the identified risks of fraud throughout our team and remained alert to any indications of fraud and/or non-compliance throughout the audit. This included communication from the group to component audit teams of relevant risks of fraud identified at group level.

In all of our audits, we addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud. We refer to the key audit matter 'Impairment testing on goodwill', which is an example of our approach related to areas of higher risk due to accounting estimates where management makes significant judgements.

We communicated our risk assessment and audit response to management and the Board of Directors. Our audit procedures differ from a specific forensic fraud investigation, which investigation often has a more in-depth character.

Our response

We performed the following audit procedures (not limited) to respond to the assessed risks:

- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks. In case of internal control deficiencies, where we considered there would be opportunity for fraud, we performed supplemental detailed risk-based testing.

- We performed data analysis of high-risk journal entries and evaluated key estimates and judgements for bias by the Company, including retrospective reviews of prior year's estimates. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk. These procedures also included testing of transactions back to source information.
- Assessment of matters reported on the Company's incident register/whistleblowing and complaints procedures with the entity and results of management's investigation of such matters.
- With respect to the risk of fraud in revenue recognition, we carried out inspection and testing of documentation such as contracts with customers, shipping documents and credit notes. We tested manual journal entries posted to revenue to identify unusual or irregular items. We assessed sales transactions taking place at either side of the year-end date as well as credit notes issued after the year-end date to assess whether the revenue was recognized in the correct period.
- With respect to the fraud risk in relation to management override of controls, we evaluated the appropriateness of the accounting for significant transactions that are outside the normal course of business or are otherwise unusual.
- With respect to the risk of bribery and corruption across various countries, we evaluated the Company's procedures such as due diligence procedures on third parties. We considered the possibility of fraudulent or corrupt payments made through third parties including agents and conducted detailed testing on third-party vendors in high-risk jurisdictions.
- We incorporated elements of unpredictability in our audit, such as: negative news search and certain audit procedures with respect to the whistleblowing register.
- We considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud or non-compliance. If so, we re-evaluated our assessment of relevant risks and its resulting impact on our audit procedures.
- We obtained audit evidence regarding compliance with the provisions of those laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements.

We do note that our audit is based on the procedures described in line with applicable auditing standards. In addition to the requirements of the auditing standards we have performed the following additional procedures:

- Evaluation of the follow-up of an incident report (including route cause from a financial and non-financial perspective).
- Evaluation as to whether integrity and the code of conduct is a topic on the agenda of the management and those charged with governance.

Our procedures to address identified risks of fraud did not result in a key audit matter.

We do note that our audit is not primarily designed to detect fraud and non-compliance with laws and regulations and that management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud, including compliance with laws and regulations.

The more distant non-compliance with indirect laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Our key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the Board of Directors. The key audit matter is not a comprehensive reflection of all matters discussed.

This matter was addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Compared to last year the key audit matter with respect to the initial audit is not included, as this specifically relates to the financial year 2019, which was our first year as auditor of the Company.

Impairment testing on goodwill

Description

The carrying value of goodwill as at 31 December 2020 is EUR 329.8 million. The Company tested the goodwill, allocated to the identified cash generating units, for impairment as at year-end.

Under EU-IFRS, the Company is required to test the amount of goodwill for impairment at least annually. The impairment tests were considered to be significant to our audit due to the complexity of the assessment process, judgements and assumptions which are affected by expected future market and economic developments. Management override may be driven by an incentive or pressure to reach specific targets and/or analyst expectations.

We specifically focused on the valuation of goodwill in the cash generating unit ‘Turkey’, considering the macro economic uncertainties in Turkey.

Our response

We challenged the goodwill impairment tests. In this respect, we critically assessed and tested management’s key assumptions, methodologies and data elements. This included, but was not limited to, comparing the weighted average cost of capital, growth rates and other information to external and historical data (such as external market growth expectations) and by analysing sensitivities in the Company’s valuation model.

We particularly focused on the reasonableness of forecasts and cash flow projections made by the Board of Directors. We challenged possible biases of management in these projections, including the overall outcome and consistency and the historical accuracy of previous management’s estimates via retrospective review procedures.

Our audit procedures included the involvement of a valuation specialist to assist us in evaluating the assumptions, in particular the (terminal) growth and pre-tax discount rates, and the valuation methodology and model used by the Company.

Our observation

Based on the procedures performed, we obtained sufficient and appropriate audit evidence to conclude that the carrying value of goodwill as at 31 December 2020 is not materially misstated.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the Shareholders' meeting as auditor of Cementir Holding N.V. on 28 June 2019, as of the audit for the year 2019 and have operated as statutory auditor since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

European Single Electronic Format (ESEF)

Cementir Holding N.V. has prepared its annual report in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF). In our opinion, the annual financial report made up in XHTML format, including the partly tagged consolidated financial statements as included in the reporting package by the Company, has been prepared in all material respects in accordance with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components in a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package, is in accordance with RTS on ESEF.

- Our procedures taking into consideration Alert 43 of NBA (the Netherlands Institute of Chartered Accountants), included amongst others: Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.

- Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF.
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required taggings have been applied and whether they are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report.

Amstelveen, 9 March 2021

KPMG Accountants N.V.

L.M.A. van Opzeeland RA

Appendix:
Description of our responsibilities for the audit of the financial statements

Appendix

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

— identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

— evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

— concluding on the appropriateness of the Board of Directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;

— evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and

— evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

In case of a group audit we are, given our ultimate responsibility for the opinion, also responsible for directing, supervising and performing the group audit. In this respect we determine the nature and extent of the audit procedures to be carried out for group entities. Decisive are the size and/or the risk profile of the group entities or operations. On this basis, we select group entities for which an audit or review has to be carried out on the complete set of financial information or specific items.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Sustainability Report 2020

Non-Financial Statement

(in accordance with Dutch Non-financial Information Disclosure Decree PbEU, 2014, L330 and Diversity Policy Disclosure Decree PbEU, 2014, L330)

Contents

Letter to the Stakeholders

Dear Stakeholders,

a year ago, the coronavirus began to quickly spread across the world. The cost on human lives and the economy has been immense. To say that the pandemic has changed the world would be an understatement. In few months since the virus emerged it has upended day-to-day lives across the globe. The pandemic has changed how we work, learn and interact as social distancing guidelines have led to a more virtual existence, both personally and professionally.

Our actions in this unprecedented time represent a deep commitment to our role and our responsibilities in our communities.

Following the advice of the World Health Organization along with governments and public health authorities, we put in place safety protocols guidelines for each location. Social distancing, utilization of protective masks, regular cleaning and disinfecting of work stations, awareness training to equip employees and partners with the knowledge they need to combat this invisible threat have been the cornerstones of Cementir pandemic emergency management system.

Covid-19 forced governments worldwide to put in place restrictions that softened the human footprint to a level not seen in decades. Months of empty roads, empty skies and sluggish economic activity reduced the year’s global greenhouse gas discharges by an estimated 7%, the sharpest annual fall ever recorded. However, the UN stated that the impact of the coronavirus lockdown on climate has lowered 2050 temperature projections by 0.01 degrees Celsius and the Earth is still on course for catastrophic 3.2 degrees of warming by end of century.

For this reason, Cementir decided to take more disruptive actions for fighting climate change by defining a 10-year roadmap to maximize the deployment of existing technologies and laying the groundwork for the breakthrough innovations that will lead to the production of ‘net zero emissions’ cement.

Our industry is changing radically, and we want us in the driver’s seat.

By 2030, we will reduce our direct emissions to less than 500 kg CO_2 per tons of grey cement produced, while for white cement, which is a specialty product with niche applications and markets (0,5% of total worldwide cement production), the plan is to reduce emissions to 800 kg CO_2 per ton of white cement produced.

On 1 January 2021, we began distributing our new low-carbon cement, named FUTURECEM™. The launch of FUTURECEM™ constitutes a significant contribution to both the green transition of Cementir Group and the construction industry in general. FUTURECEM™ has a carbon footprint that is up to 30 percent lower compared to traditional Portland cement and will play a pivotal role in our CO2 reduction strategy. The low carbon benefits of FUTURECEM™ have been achieved without compromising strength and quality. From 2014-2020, together with research institutions and a range of stakeholders and customers from the construction industry, Cementir tested FUTURECEM™ at full-scale in infrastructure as well as in an indoor floor and wall in the new concrete laboratory at the Danish Technological Institute. Those demo projects demonstrate that FUTURECEM™ can be implemented in the concrete industry using conventional production and execution technologies.

In the 10 years Roadmap, the Group planned the main investment needed until 2030, out of which 107 million included in the 2021-2023 Industrial Plan, approved by the Cementir Board of Directors in February 2021.

In the 2021-2023 period, the major investments will be as follows:

- the kiln upgrade in the Belgian plant to increase alternative fuel use from the current 40% to 80%;

- the construction of a new calcination plant aimed at the production of FUTURECEM™. As already mentioned, through FUTURECEM™ technology, the clinker in cement will be partially replaced by limestone and calcined clay. The creation of a plant for the calcination of clay will support the shifting of our product portfolio from tradition Portland cement to low carbon cement (FUTURECEM™);

- the installation of 2 Wind Turbine Generators (2 WTG with 4,200 kW) in the Aalborg plant. The energy produced will be used by the plant;

- the extension of district heating supply in Aalborg from the current 36,000 to over 50,000 households. The Aalborg plant recovers excess heat from cement production to provide district heating to local inhabitants.

Our commitment to a low-carbon economy and to transparency around our environmental impact has been also recognized by CDP, the gold standard of environmental reporting. In December 2020, we achieved “B” rating for climate change. This result puts Cementir amongst the top players in the cement industry and much better than the average company, considering a CDP European and Global average rating of “C”.

We are fully aware that, throughout the value chain, our activities can have a direct or indirect impact on our stakeholders. That is why our targets are aligned with the inspirational principles that drive the United Nations Sustainable Development Goals (SDGs) initiative, which addresses the global challenge of sustainable development. Our Group adheres to the internationally recognized principles for the respect and support of fundamental human rights in every geographic area where we operate, and we want to inspire our suppliers, contractors and other business partners to adhere to the same standards.

In 2020, the Human Rights assessment, based on Cementir Code of Ethics, UN Declaration on Human Rights, ILO Conventions and UK Slavery Act was performed on the main legal entities with a coverage of 79% of the Cementir workforce worldwide, involving the following countries: France, Belgium, Denmark, Norway, Turkey, United States, China, Malaysia, Italy and Poland.

The first step in cement production, the extraction of raw materials, inevitably impacts on the surrounding natural and social environment. For this reason, the 95% of quarries used by the Group has a rehabilitation plan in place. Each plan defines the goal and timetables for the reintegration of a quarry into the surrounding landscape. The rehabilitation processes start when the quarry is still in operation, by reclaiming the areas that are no longer used.

In Denmark, the purpose of the rehabilitation plan is to transform the chalk pit into a “Family Lake Park", a recreational area close to Aalborg with a variety of leisure and sporting amenities for the local population. In Belgium we participate in the Life in Quarries initiative, a project founded by the European Commission to develop biodiversity and the rehabilitation of closed quarries. In China, our plan has been included in Anhui Province 2018-2025 Green Mine Plans. This project targets to rehabilitate and reintegrate the benches of the quarry not used anymore into the surrounding landscape as well as establishing dust and noise monitoring systems and construction of new surface water drainage systems in and around the quarry site.

Over the years, the Group plants have also adopted technical solutions in order to reuse or use water resources more efficiently. In 2020, the percentage of reused water reached 40% of the total.

Occupational safety is a core value of Cementir’s culture of sustainability, as it is the protection of workers’ health. The implementation and maintenance of effective and efficient management systems for accident prevention is one of the key health and safety objectives at Group level. During 2020, all certified cement production plants completed the migration process to the ISO 45001 standard and were found to be in full compliance. At the end of 2020, certified cement plants accounted for 73% of the total. The Group plans to certify all cement production plants by 2022.

As you read on, you will find more information on these and other initiatives, together with the ambitious targets that we have set for future years.

We have achieved satisfactory results, but we understand that we have to do even more.

Finally, I wish to thank all our people around the world who delivered prime performances despite one of the most difficult and challenging years ever faced by the Group.

Rome, 9 March 2021

Francesco Caltagirone, Jr.

Chairman of the Board of Directors

Methodology note

The Cementir Group Sustainability Report – Consolidated Non-Financial Statement (SR or NFS), has been prepared in compliance with EU directive 2014/95 on the disclosure of non-financial and diversity information, and in accordance with the related Dutch decrees (PbEU, 2014, L330 and PbEU, 2014, L330), because of the transfer of the Holding's registered office from Rome to Amsterdam.

The Report consolidates the information on the entire Cementir Group; it therefore includes the data on the parent company and its fully consolidated subsidiaries[1]. Furthermore, it also fully consolidates the non-financial data on the subsidiary SCT which, in the Group's Financial Report, is consolidated applying the proportional method (since it is controlled jointly at 65%). Any limits to the scope of reporting are clearly identified in the text and do not significantly affect understanding of the Group's business, its performance or its results.

The qualitative and quantitative information reported in the NFS derives from a data-gathering process performed at the levels of Holding and single legal entity, using excel reporting packages.

The Report discloses the data for the period 1 January 2020 – 31 December 2020, is drafted annually, and is approved by the Board of Directors of Cementir Holding NV. Previous years' data are included for comparative purposes in order to enable an assessment, over time, of the performance of the Group. Any restatement of data reported in previous years is clearly indicated in the document.

The document was drafted with the aim of providing information that is reliable, complete, balanced, accurate, understandable and comparable, as required by the reporting standards used: GRI Sustainability Reporting Standards, 2016 and subsequent updates. This report has been prepared in accordance with the GRI Standards: Core option. A detailed overview of the indicators disclosed can be found in the GRI Content Index which provides a detailed description of all the topics covered in the document.

At the end of the document, the Annex includes all Sustainability KPIs (see "Cementir Data Tables") and also detailed information on the emission factors used to report CO_2 equivalent emissions indicators.

The Sustainability Report – Consolidated Non-Financial Statement was subjected to limited assurance by PricewaterhouseCoopers S.p.A.

[1] For the Group details see the Group Annual report.

The definition of the material issues

For the Cementir Group, the relevant issues for the company and its stakeholders are those that have an impact, directly or indirectly, on Cementir's ability to create, preserve or that adversely affect the Group's value.

Each year, Cementir conducts an analysis of sustainability-related topics which may be considered material to the company.

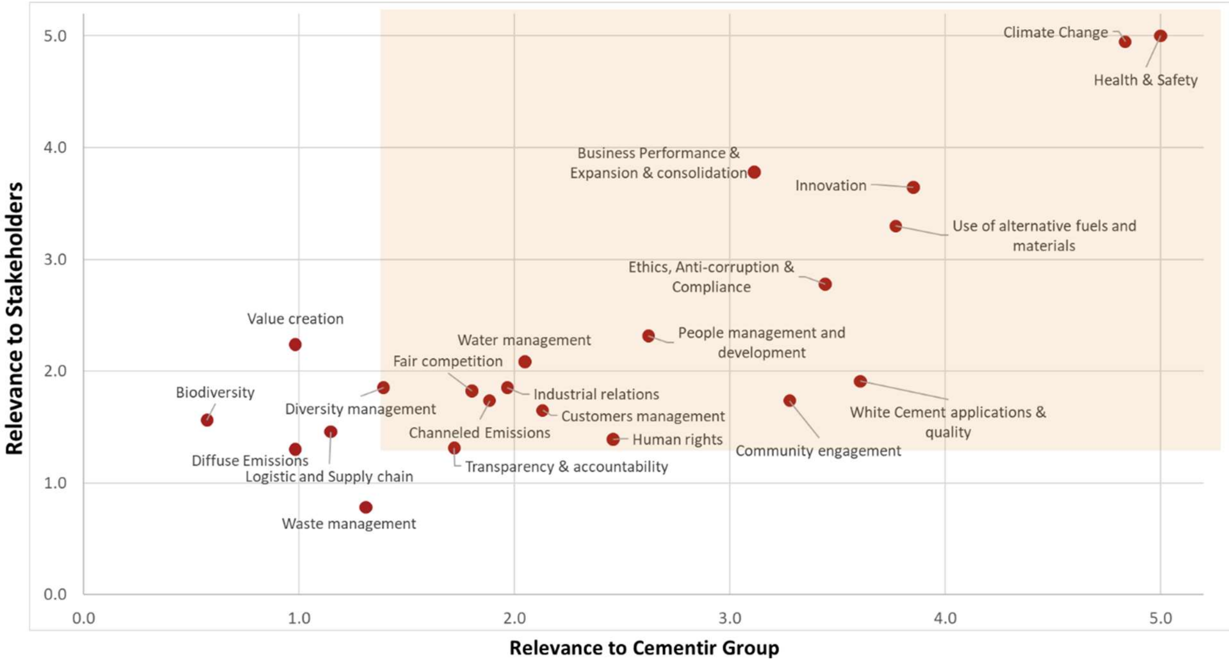
In 2020, the materiality matrix was updated following a benchmark with a panel of companies operating in the sector and a survey on the context and the challenges the sector must deal with. The review also considered the relevant topics coming from investors and ESG rating companies.

The materiality matrix was submitted for assessment and approval by Upper Management and reviewed by the Sustainability Committee.

The results of the analyses generally confirmed the topics that Cementir identified in the previous years, with the topics of 'Climate Change' and 'Health and Safety' increasingly more significant, both for the business and its stakeholders. Most climate experts agree that the escalating climate crisis is the defining issue this lifetime and that the world must take urgent action to cut CO_2 emissions and we cannot deny that cement manufacturing is a process that makes intensive use of thermal energy, releasing both direct and indirect CO_2 emissions into the atmosphere. Climate action is at the heart of the European Green Deal and EU Taxonomy, an ambitious European package of measures for cutting greenhouse gas emissions. Climate change is thus reshaping the cement sector.

In Cementir, health and safety has always been a core value. However, in the last year, Covid-19 changed how we live and how we work in many different and unimaginable ways. As described in the dedicated section (see 'Covid-19 emergency management system'), following the advice of the World Health Organization along with governments and public health authorities, Cementir put in place a new range of global and local measures to contain the spread of the coronavirus between our employees and partners. Health and safety is therefore a top priority for everyone.

The 2020 materiality matrix is presented on the next page. The matrix illustrates the most relevant topics both for the business and for its stakeholders, as presented in the upper-right-hand corner of the graph.



The Group's stakeholders

Management of the Group's main stakeholders varies in terms of method and the frequency of listening and involvement, based on type of subject, topic, interest and characteristics of the Group's various regions. Considering the Parent Company is a Holding, some of these stakeholders' interface directly with central structures, while others are purely interested in performing the local activities of Group plants and the management of relations with those subjects is delegated to the regional level. Therefore, frequencies of stakeholder engagement and topics discussed with them vary by stakeholder category and countries where the Group operates.

The table on the next page lists the Group's main stakeholders and the subjects of interest identified for each one.

Type of stakeholder	Subject of interest
Personnel	• Health and Safety • People management and development • Managing diversity • Industrial relations • Human rights
Institutions and Authorities (local and national)	• Health and Safety • Industrial relations • Human rights • Ethics, anti-corruption and compliance • Climate change • Fair competition
Shareholders	• Business performance, expansion and consolidation • Ethics, anti-corruption and compliance
Trade Unions	• Industrial relations • Human rights
Local communities and local committees	• Use of alternative fuels and materials • Channelled emissions • Involvement of local communities
Customers	• White cement (quality and application) • Customer management • Fair competition • Innovation
Suppliers and contractors	• Health and safety • Use of alternative fuels and materials • Managing logistics and the supply chain
Associations of environmentalists	• Climate change • Conveyed emissions • Use of alternative fuels and materials • Biodiversity
Financiers	• Business performance, expansion and consolidation • Ethics, anti-corruption and compliance • Transparency and accountability • Use of alternative fuels and materials

Sustainability Targets

Our analysis of material topics and related trends, including input from internal and external stakeholders and benchmarks among our peers, contributes to the development of the Cementir's Sustainability Targets.

The targets are related to the efforts by Cementir to adopt all necessary measures and the most innovative technological solutions to minimise the impact of our business on the environment; create a healthy, safe and inclusive work environment; respect human rights and create a constructive and transparent relationship with local communities and business partners.

The targets have been defined by the Sustainability Team in collaboration with regional and corporate teams and according to the guidelines established by the Sustainability Committee.

The Group Management Team (GMT) is accountable for managing the projects and achieving the targets.

Internal Audit department is responsible the periodic monitoring of the activities implemented in reference to the Group's sustainability strategy and its targets.

Each year, in the Sustainability Report, Cementir will share its progress towards achieving these targets with its stakeholders.

Below is an indication, for each of the four pillars identified by Cementir, of the main targets and objectives, the reference UN Sustainable Development Goals (SDGs) and the results obtained in 2020.

Circular Economy **Pillar I:** In waste, we see resources: we promote a circular economy

UN SDGs	Target	Detailed description	2020 results	Deadline and progress		Pages
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	77% of alternative fuels for grey cement production by 2030	The Group target has differentiated goals for each single plant producing grey cement. The overall Group target defined, which also has intermediate target dates in 2022 and 2025, has a final target date in 2030.	In 2020, 28% of alternative fuels used to produce grey cement	2022 2025 2030	Target in line with planned roadmap	Use of alternative fuels (pag.64)
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	6% of alternative fuels for White cement production by 2030	The demand for consistency in the colour of white cement is much higher than for grey as there is a high attention to the purity of the colour. Alternative fuels affect the colour and for this reason their utilization is drastically limited in the production of white cement. This explains the reason of the 6% final target defined in the white cement production, which also contains intermediate target in 2022 and 2025.	In 2020, 3% of alternative fuels were used to produce white cement	2022 2025 2030	Target in line with planned roadmap	Use of alternative fuels (pag.64)
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Waste recycling	Since 2009, Cementir has been operating in the urban and industrial waste management and processing sector.	In 2020, the Group's plants recycled, through mechanical selection and treatment processes almost 7,500 tons of materials	ongoing	Target in line with planned roadmap	Waste processed in 2020 (pag. 42)
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	Production of alternative fuels from waste	The Group's plants produce alternative fuels and thermal energy, minimizing landfill waste and contributing to the reduction of greenhouse gas (GHG) emissions.	In 2020, the Group's treatment plants produced a total of 80,000 tons of fuel from waste	ongoing	Target in line with planned roadmap	Waste processed in 2020 (pag. 42)

Environment **Pillar II:** We respect the environment in all our operations

UN SDGs	Target	Detailed description	2020 results	Deadline and progress		Pages
13 CLIMATE ACTION	CO_2 reduction target for grey and white cement	Cementir's goal is to reduce its scope 1 carbon intensity to less than 500 kg CO_2 per tons of Grey cement produced by year 2030 (which translates into a planned 30% reduction of CO2 emissions per ton of cement by 2030, compared to 1990) For white cement, that is a specialty product with niche applications and markets (0,5% of total worldwide cement production), the goal is to reduce its scope 1 carbon intensity to 800 Kg CO_2 per ton of White cement produced (35% reduction of CO2 emissions per ton of cement by 2030, compared to 1990).	In 2020, the CO_2 emission for grey was 718 KG/TCE, while for white was 915 Kg/TCE	2022 2025 2030	Target in line with planned roadmap	Our 2030 commitment in numbers (pag. 43)
7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	107 million green investments in the 2021-2023 period	In the 2021-2023 Industrial Plan, we have planned green investments for 107 million euros, which include, among others: - the construction of a new calcination plant aimed at the production of FUTURECEM™ - the installation of wind turbines with an installed capacity of 8.4 MW - district heating allowing an extension of district heating supply from 36,000 to over 50,000 households and other energy efficiency - increase in the use of alternative fuels from current 40% to 80% in Belgium - the establishment of a natural gas line to the plant located in Denmark and the installation of multi-fuel main burners for the kilns	In February 2021, the BoD approved the 2021-2023 Industrial Plan	2023	Target in line with planned roadmap	Main investments to achieve CO_2 reduction targets (pag. 46)
13 CLIMATE ACTION	Lowering clinker content of grey cement to 68%	Development of a new low-carbon cement, FUTURECEM™, a patented technology which allows for more than 35 % of the energy intensive clinker in cement to be replaced by limestone and calcined clay. In the 2021-2023 period, the Group has planned the sales of about 1 million ton of FUTURECEM™. Starting from 2023, its annual production is expected to grow year by year. According to current estimates, by 2025 25% of grey product commercialized by Cementir is going to be replaced by FUTURECEM™ and by 2030 60% of the cement is going to be produced by Cementir through FUTURECEM™ technology.	In 2020, the Clinker ratio for grey cement was 82% On January 2021, Cementir started the distribution of FUTURECEM™.	2022 2025 2030	Target in line with planned roadmap	Our key actions and related investments for the 2021-2030 period (pag. 44)

Environment	**Pillar II:** We respect the environment in all our operations					
UN SDGs	**Target**	**Detailed description**	**2020 results**	**Deadline and progress**		**Pages**
13 CLIMATE ACTION	Lowering clinker content of white cement to 80%	The demands for consistency of colour of white cement is much higher than for grey as no nuances of white or coloured surfaces can be accepted. Alternative minerals affect the colour and for this reason their utilization is drastically limited for white cement.	In 2020, the clinker / cement ratio for white cement was 82%	2022 2025 2030	Target in line with planned roadmap	Our key actions and related investments for the 2021-2030 period (pag. 44)
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	District heating in Denmark	In the Danish city of Aalborg, our production plant recovers energy to provide district heating to over 36,000 dwellings, which will become 50,000 in the near future, covering about the half of its urban population.	In 2020, the Aalborg Plant provided 1,8 million Gigajoules of thermal energy to the local community. In the industrial Plan 2021-2023, we included the project to expand the heat recovery system.	2023 2025	Target in line with planned roadmap	Recovery of heat from kiln fuel (pag.102)
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	All operating companies have to operate with a certified environment al management system (i.e. ISO 14001)	Cementir has committed that all operating companies in the cement and concrete production must operate with a certified environmental management system (i.e. ISO 14001), by 2025.	As of 2020, 8 cement plants (accounting for the 93% of the total cement production), 2 RMC companies (accounting for the 25% of the total RMC production) and 3 waste management companies (accounting for the 100% of the waste managed by the group) have adopted a ISO 14001 certified management system.	2025	Target in line with planned roadmap	We respect the environment in all our operations (pag. 76)
7 AFFORDABLE AND CLEAN ENERGY	All cement plants must operate with a certified energy management system (i.e. ISO 50001)	Cementir has committed to all cement plants operating with a certified energy management system (i.e. ISO 50001) by 2025.	In 2020, 7 cement plants, accounting for the 76% of the total cement production, adopted the ISO 50001 certification for energy management systems.	2025	Target in line with planned roadmap	Energy consumption (pag.78)

UN SDGs	Target	Detailed description	2020 results	Deadline and progress		Pages
6 CLEAN WATER AND SANITATION	Reuse water in production	Cementir Group aims to reuse water in production by recycling process water and capturing rainwater from selected areas.	In 2020, 40% of water used in the cement production plants was reused	ongoing	Target in line with planned roadmap	Water consumption (pag. 82)
17 PARTNERSHIPS FOR THE GOALS	Supporting Denmark in delivering a 70% reduction in greenhouse gases by 2030	Through Aalborg Portland, the Group is involved in the most ambitious CO_2 reduction project sponsored by a government. The Managing Director of Aalborg Portland is leading the technical group that will provide to the Danish government the technical forecast of all potential CO_2 reductions achievable by energy intensive industry in Denmark and will define the prerequisites (policy, research, innovation, subsidies, etc.) for such reductions.	In 2020, Aalborg Portland committed to a CO_2 reduction target of 30% by 2030 (an annual saving of 660,000 tons of CO_2 in 2030 compared to current emissions). As part of this strategy, Aalborg Portland has entered into an agreement with the state gas distribution company, Evida, to connect the plant to the gas distribution grid on 1 April 2022. Natural gas has a 40 per cent lower carbon footprint and will ensure an estimated carbon reduction of 240,000 tons by 2030.	2030	Target in line with planned roadmap	Our key actions and related investments for the 2021-2030 period (pag. 44)

People **Pillar III:** We value our people

UN SDGs	Target	Detailed description	2020 results	Deadline and progress		Pages
4 QUALITY EDUCATION	Sustainable talent management	Key positions are filled internally with top-class candidates worldwide.	In 2020, 30% of new/vacant key positions filled via internal recruitment.	ongoing	Target in line with planned roadmap	We value our people (pag.85)
5 GENDER EQUALITY	Promoting diversity in the workforce	Cementir is committed to promoting diversity in the workforce.	In 2020, 17% of personnel involved in the Group Talent Programme are female.	ongoing	Target in line with planned roadmap	We value our people (pag.85)
3 GOOD HEALTH AND WELL-BEING	People engagement	Increase people engagement across the Group by listening, engaging and implementing improvement plans.	In 2019, Group staff survey 'Your Voice' conducted to assess staff engagement across the group. Participation rate of 83% at Group level. Following the survey, global, regional and BU level actions plans have been defined and approved by the Global Senior Management Team, to be executed in 2020-2021. In 2020, 50% of the defined actions were implemented.	ongoing	Target in line with planned roadmap	Group People Survey (pag. 86)
10 REDUCED INEQUALITIES	Human rights awareness	Promoting sensibility, awareness & education about Human rights across the Group.	In 2020 we designed and launched an online training course mainly focused on the principles described in the Cementir Human Rights Policy and further detailed in local Procedures. The first wave of training provided in English involved the 36% of the employees. As soon as the transposition into local languages is available, the participation will be extended to the rest of the population	2020	Target in line with planned roadmap	Commitment in Human Rights (pag. 61)
3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH	Zero accidents	Group-wide training initiative on the importance of management responsibility in occupational health and safety. Analysis of the causes of accidents and near misses and implementation of appropriate preventive measures.	Zero fatalities and high-consequence injuries to employees in 2020	ongoing	Target in line with planned roadmap	Concretely safe (pag. 93)

People **Pillar III:** We value our people

UN SDGs	Target	Detailed description	2020 results	Deadline and progress		Pages
8 DECENT WORK AND ECONOMIC GROWTH	All cement plants must operate with a certified health and safety management system (i.e. ISO 45001)	The Group plans to certify all cement plants by 2022.	During 2020, all certified cement plants completed the migration process to the ISO 45001 standard, finding full compliance with the standard's requirements. By the end of 2020, 73% of all cement plants were ISO 45001 certified.	2022	Target in line with planned roadmap	Concretely safe (pag. 93)
4 QUALITY EDUCATION	Quality Education for the employees	In 2018, the Group launched the Cementir Academy, a training hub that aims to develop and enhance the technical, behavioural and managerial skills of all our employees.	More than 35,000 hours of training were supplied in 2020, almost 11.7 hours per capita.	ongoing	Target in line with planned roadmap	Cementir Academy (pag. 88)
13 CLIMATE ACTION	Link between employee's remuneration and sustainability targets	The sustainability targets defined by the Group are included in the monetary incentive plan adopted by Cementir.	The monetary incentive plan adopted by Cementir is based on a short-term incentive (STI) system. The STI is based on the Group's and/or subsidiaries' financial and non-financial targets and includes objectives based on indicators linked to company performance and to managerial roles held within the Company. Managers from all organisational levels participate and share in this incentive system, so that fulfilling defined goals results in the receipt of annual monetary incentives.	2020	Target achieved	Our key actions and related investments for the 2021-2030 period (pag. 44)
5 GENDER EQUALITY	Promotion of gender equality with an objective of at least 30% of the Board of Directors being composed of women	Implementation of a specific Group Diversity Policy.	33% of Board Members are women	ongoing	Target achieved	We value our people (pag.85)

Local Community | **Pillar IV:** We support our communities

UN SDGs	Target	Detailed description	2019 results	Deadline and progress		Pages
13 CLIMATE ACTION	Transparent communication with stakeholders	In 2020, submitting the CDP Climate Change Questionnaire and assurance by the external auditor	In 2020, Cementir was awarded a 'B' rating from Carbon Disclosure Project (CDP) Limited assurance engagement on Sustainability Report by external Auditors	2020	Target achieved	10-year roadmap (pag. 43) Report by external Auditors (pag. 150)
4 QUALITY EDUCATION	Quality Education for the local community	In Turkey, the Group supports the Çimentaş Education and Health Foundation. Since its establishment, the Foundation has sponsored over 500 scholarships for upper school and university students. Thanks to the Foundation's financial support, the Işıkkent High School was founded.	The Işıkkent High School provides education at all levels from nursery school to high school.	ongoing	Target in line with planned roadmap	Çimentaş Education and Health Foundation (pag.101)
10 REDUCED INEQUALITIES	Implementation of monitoring systems to eliminate human rights related risks across the Group	A human rights self-assessment checklist, based on Cementir Code of Ethics, UN Declaration on Human Rights, ILO Conventions and UK Slavery Act has been established and has been included as part of Internal Audit process. In the next 3 years the checklist will be applied to all major Cementir companies.	In 2020, the human rights self-assessment checklist was performed by the Group legal entities and reviewed by the internal audit department, with a coverage of 79% of the Cementir workforce worldwide, involving the following countries: France, Belgium, Denmark, Norway, Turkey, United States, China, Malaysia, Italy and Poland.	2022	Target in line with planned roadmap	Commitment in Human Rights (pag. 61)

COVID-19 emergency management system

Although the Covid-19 pandemic has impacted the various countries in which the Group operates differently, the priority of the Company's Management Team has always been the safety of personnel operating at all company sites, defining and adopting infection risk containment and prevention measures in line with directives issued.

The health and well-being of our employees and partners is our priority. For this reason, Cementir Group put in place a range of global and local measures to contain the spread of the coronavirus (Covid-19).

In the first quarter of 2020, a team at Group level and focal points at country level were established to meet this challenge. The country focal points are coordinated by the central team and each company must comply with their national health regulatory requirements and must execute the guidance given by the Group.

Cementir is following the advice of the World Health Organization along with governments and public health authorities in each country where the Group operates. An extensive range of business continuity and precautionary measures have been put in place across our operations globally.

With regards to the countermeasures adopted by Group companies, the first action implemented and strongly encouraged is social distancing: this is the main element which all other countermeasures are based on. The rule of maintaining a distance greater than 1-1.5 meters from other people is the most common form of this.

Awareness and training are then further cornerstones of a clearly implemented pandemic emergency management system, as well as the washing of hands, contact surface cleaning and smart working, along with the reduction of workforce presence in offices. Specific training courses have been arranged for the employees and posters and toolbox talks have been posted to stress the importance of basic hygiene measures, such as the frequent hand washing and the constant wearing of face masks.

Working from home has also been encouraged as much as possible.

In 2020, all business travel was banned and in the first quarter of 2021, this limitation is still in force.

The Group strongly promoted digital initiatives (i.e. contactless) in each country. Because of the emergency, there was increased adoption of digital tools for collaboration, document sharing and reporting, which the company already had, but which saw an exponential growth in use. Some processes that were managed manually are also now carried out digitally. At the same time, a significant proportion of Cementir's staff has increased their level of knowledge and mastery of digital tools, making the most of the agile work model that has ensured operational continuity and production efficiency for the business.

The Group put in place safety protocol guidelines for each location. Differentiated strategies were applied for the management of office staff and staff working in production plants. However, social distancing, use of protective masks, regular cleaning and disinfecting of workstations and limiting access to sites for all non-essential personnel are the main pillars of each protocol.

From the beginning of the emergency, the Group HR Department has been tracking the impact of Covid-19 on our employees each daily. Each company must immediately notify the local and Group HR department of any Covid-19 case, which must then evaluate the proper response.

As of December 2020, starting from the beginning of the pandemic, 175 employees (5.8% of average headcount in 2020) contracted Covid-19, 163 employees fully recovered and 12 are still positive according to swab tests. So far, Covid-19 has not caused any fatalities in the Group. Our employees all around the world, have been mobilised to support our local communities. In Denmark, our plant donated more than 2,000 face masks to the local hospital. In the United Kingdom, the company donated laptops to local schools to help pupils who did not have a device so that they could participate in home learning. Moreover, all staff have access to an Employee Assistance Programme where they can speak confidentially to an external counsellor about financial difficulties or mental health concerns. In Turkey, the Elazig plant donated disinfection material to local schools.

The Cementir Group

1.225 billion euros in revenue
18 countries
Sales volumes
7.9 million tons of grey cement
2.8 million tons of white cement
4.4 million cubic metres of ready-mixed concrete
9.5 million tons of aggregates
Plants
6 white cement plants
5 grey cement plants
32 terminals
100 ready-mixed concrete plants
10 quarries
1 cement product plant
2 waste treatment and recycling plants

Cementir Holding is a multinational Group with its registered office in the Netherlands, operating globally in the building materials sector. Through its subsidiaries in 18 countries on 5 continents, the Cementir Group is global leader in the white cement sector and specialises in the production and distribution of grey cement, ready-mixed concrete, aggregates and concrete products and in the processing of urban and industrial waste.

The company was founded in Italy in 1947 and is part of the Caltagirone Group. It has been listed on the Milan Stock Exchange since 1955 and is currently in the STAR segment.

The Group grew internationally over the years, mainly through investments and acquisitions amounting to over EUR 1.7 billion. These transformed the company from being solely Italian into a multinational, with production sites and sales operations in over 70 countries.

With about 3.3 million tons of installed capacity, Cementir Holding is world leader in the white cement segment and is leader in the production of cement and ready-mixed concrete in Scandinavia, third in Belgium and is one of the main international producers of cement in Turkey.

The company pursues a targeted geographical diversification and product strategy accompanied by greater integration of its business activities.

This international growth strategy has been driven by the acquisitions made over the years, including that of Compagnie des Ciments Belges (CCB) in 2016, which strengthened Cementir's production and commercial presence in Central Europe, and of Sacci's Italian business in July 2016. In September 2017, an agreement was reached for the sale of all the Italian operations of the Cementir Italia, which was finalised on 2 January 2018.

In March 2018, Cementir finalised the acquisition of a further 38.75% share in Lehigh White Cement Company from Lehigh Cement Company LLC, a subsidiary of HeidelbergCement AG. Through that transaction, the Cementir Group controls LWCC with a 63.25% share as of 31 December 2018, with the remaining 36.75% held by the Cemex group. The acquisition enabled it to become involved in the direct management of assets in the US in the white cement segment, the Group's core business, enhancing its global leadership in line with the growth strategy.

The Group's operations are organised on a regional basis in seven geographical areas: Nordic & Baltic, Belgium, North America, Turkey, Egypt, Asia-Pacific and Italy.

The vertically integrated aggregate, cement and concrete production platforms are in 3 countries: Denmark, Belgium and Turkey. In Denmark, Cementir is leader in both cement (grey and white) and concrete; in Sweden and Norway it is leader in the concrete sector, while in the United Kingdom and Turkey, Cementir operates in the industrial and urban waste field. In North America, Egypt and Asia-Pacific, Cementir is present only in the white cement production and sales sector.

2020 At a glance

Our presence around the world

Our brands

AALBORG WHITE®
aalborgportland CEMENTIR HOLDING
unicon CEMENTIR HOLDING
kudsk&dahl CEMENTIR HOLDING
SYDSTEN

CCB CEMENTIR HOLDING
vianini pipe, inc. CEMENTIR HOLDING
LEHIGH WHITE CEMENT
سيناء للأسمنت الأبيض sinaiwhitecement aalborgportland CEMENTIR HOLDING

çimentaş CEMENTIR HOLDING
çimbeton CEMENTIR HOLDING
Recydia® Sürdürülebilir Kaynak Yönetimi Sustainable Resource Management
Süreko Recydia Group

neales WASTE MANAGEMENT
SPARTANHive

Plants, production capacity by country

Nordic & Baltic

Denmark
Grey cement production capacity: 2.1 million t
White cement production capacity: 0.85 million t
Cement plants: 1 (7 kilns)
Ready-mixed concrete plants: 33
Terminals: 9
Quarries: 3

Norway
Ready-mixed concrete plants: 28
Terminals: 1

Sweden
Ready-mixed concrete plants: 9
Quarries: 4

Latvia
Terminals: 1

Iceland
Terminals: 3

Netherlands
Terminals: 1

Poland
Terminals: 1

UK
Terminals:1

Belgium

Belgium
Grey cement production capacity: 2.3 million t
Cement plants: 1
Ready-mixed concrete plants: 9
Terminals: 1
Quarries: 3

France
Ready-mixed concrete plants: 5
Terminals: 1

North America

USA
White cement production capacity: 0.26 million t
Cement plants: 2
Precast concrete plants: 1
Terminals: 3

Turkey

Grey cement production capacity: 5.4 million t
Cement plants: 4
Ready-mixed concrete plants: 16

Egypt

White cement production capacity: 1.1 million t
Cement plants: 1

Asia-Pacific

China
White cement production capacity: 0.7 million t
Cement plants: 1
Terminals: 4

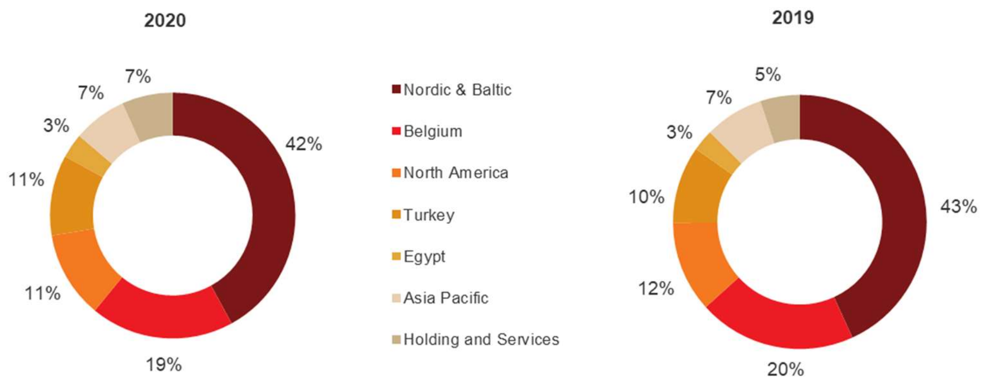
Malaysia
White cement production capacity: 0.35 million t
Cement plants: 1
Terminals: 2

Australia
Terminals: 4

Waste BU

United Kingdom
Waste management facilities: 1
Terminals: 2
Turkey
Waste management facilities: 1

Turnover composition by region/BU



How cement is made

The Cementir Group's main area of operations is the production of cement. The process, which has been refined over the centuries, from the mortars of the Ancient Egyptians to early 19th century industrial models, starts with natural raw materials such as limestone, gypsum and clay extracted from natural quarries and then crushed. This is then dosed, mixed with other elements and ground to obtain the 'raw meal'.

The raw meal is cooked at very high temperatures in special kilns, which are fuelled mainly by fossil fuels, in order to obtain a semi-finished product known as 'clinker', cement's main component. Once cooled, clinker undergoes a process of grinding, mixing with gypsum and other mineral constituents (slag, fly ash, limestone, pozzolana), to obtain the various types of cement.

Thanks to its strong industrial capacity and a comprehensive presence on international markets, in 2020 Cementir Holding distributed worldwide over 7.9 million tons of grey cement and around 2.8 million tons of white cement of various types and classes, produced in 11 plants located in Denmark, Belgium, Turkey, Egypt, China, Malaysia and the US.

Leader in white cement

The Cementir Group is the world's leading producer and exporter of white cement, with a 27% share of worldwide trade and a production capacity over 3 million tons. With the Aalborg White® brand we are the leader in China, the United States, Western Europe, Australia, Malaysia and Egypt.

Aalborg White® has always been identified with white cement throughout the world. A pure, high-quality cement that can be found everywhere from Park Avenue skyscrapers in Manhattan, to the London Olympics structures and even the Lindholm High Museum in Nørresundby, Denmark.

https://www.cementirholding.com/en/our-business/projects

The distinctive feature of white cement is its colour. The whiteness is obtained thanks to very pure and carefully selected raw materials, the use of complex production processes and an extremely rigorous quality control process which allow this material to be used in complex architectural designs and sophisticated aesthetic applications.
What is particular about the limestone used for manufacturing AALBORG WHITE® is the lack of contamination from sand and clay, which makes it very pure and ideal for the production of white cement. The combination of this pure raw material, high-quality sands and kaolin, advanced technology, a specialised workforce and over 100 years of experience have made AALBORG WHITE® cement unique in the world for its properties such as high reflection, high mechanical performance, low alkali content and high resistance to sulphates. As the world leader in the white cement market with the Aalborg White® brand, Cementir offers a wide product range which complies with the strictest international standards. Our industrial processes are inspired by the Group’s consolidated best practices that guarantee our customers unique quality and reliability over time. Our research quality technical

centre (RQT) has a worldwide reputation for international patents, awards and multiple collaborations with prestigious universities.

Difference between grey and white cement

White and grey cement are two distinctly different products, with different applications and production methods. White cement should therefore be viewed as a separate product for the following reasons:

- Applications of white cement are different from the uses of grey cement. White cement is mainly used for high performance applications, dry-mix products, mortars, special products and decorative purposes. The main uses for grey cement are heavy construction, such as in-situ or precast concrete. White cement enhances the development of future sustainable cement-based technologies and products, responding to megatrends in construction such as the circular economy where, among others, enhanced durability, modularisation of construction, reduced work processes and reduced material usage, are essential.
- White cement is a specialty product produced at a limited number of facilities and traded widely across borders inside and outside of the EU, as well as internally within Europe. Grey cement is a commodity which is often used close to the production site.
- The energy consumption to produce white clinker is higher than for grey clinker. This is because of the different raw materials and production technology. However, a clear and incremental pathway has been identified which will enable white cement production to be produced with net-zero CO_2 emissions by 2050.
- White cement applications have a number of benefits related to climate change.
    - The light colour reflects sunlight and thus reduces the 'heat island effect' in cities as well as the need for artificial cooling in buildings. White surfaces also reduce the need for lighting in tunnels.
    - The chemical purity of white cement, as a result of the refined raw materials used and strict production process management, enables the growth of unique, low-carbon concrete solutions and products such as high and ultra-high-performance concrete and glassfibre-reinforced concrete, where the usage of material is minimised to unprecedented levels (large cladding and structural wall components reduced to as little as 12 to 35 mm in thickness). These technologies are essential for the efforts to reduce clinker consumption in buildings, by minimising material consumption.

The many differences are summarised in the following table:

	White cement	Grey cement
Applications (est. EU market share)*	• Dry mix/mortars/specialty products (50-70%) - Cement-based paint - Plaster - Grout, putty	• In-situ and pre-cast concrete (55-65%) - Mass concrete for infrastructure works: dams, harbours, bridges,

	White cement	Grey cement
	- Decorative concrete panels - Sealing products • Bricks, blocks and tiles (20-30%) - Terrazzo (up to 15% in Mediterranean countries) - Decorative bricks and tiles • In-situ and pre-cast concrete (10-20%) - Facade elements - Iconic buildings and other aesthetic applications	tunnels, culverts, road surface - Dwellings and industrial buildings • Bricks, blocks and tiles (30-40%) - Pipes - Paving stones, kerbs - Roofing tiles • Dry mix/mortars and other applications (5-10%)
Global production (2019)	< 20 million tons annually	> 4 billion tons annually
EU27 sales (2019)	~2.5 million tons	~170 million tons
Market position	Niche product	Commodity product
International trade position	Large import/export proportion to domestic consumption (2007: 46-60%)	Medium import/export proportion to domestic consumption (2007: 8-10%)
Raw materials	• High grade, iron-poor chalk, limestone or marble • Kaolin, bauxite • Iron-poor sand (quartz sand, shifting sand etc.)	• Locally available limestone or marl • Clay, shale, fly ash • Low-grade sand • Iron oxide, pyrite ash
Quality targets, raw materials	Fe2O3: 0.1% (in limestone) Fe2O3: 0.35% (of total content in clinker) Cr2O3: 0.003% (of total content in clinker) Mn2O3: 0.03% (of total content in clinker)	Fe2O3: 0.3-1% (in limestone) Fe2O3: 4-6% (of total content in clinker) Cr2O3: no limit Mn2O3: no limit
Burning zone temperature	1500-1600oC	1400-1500oC
Conditions in burning zone	Incipient reducing conditions	Oxidizing
Cooling method	Quenching by water	Air cooling
Energy consumption for clinker production*	5438 MJ/ton clinker	3200 MJ/ton clinker
Reasons for higher energy consumption of white clinker production compared to grey	• Low content of iron makes combination of raw mix into the final composition difficult • Reducing conditions increase energy consumption • Quenching reduces possibility of preheating combustion air	• High amount of flux in raw mix • Oxidising conditions • Thermal energy used to heat secondary and tertiary combustion air

*10% best EU performers

Applications

From a commercial point of view, there is a clear distinction between grey and white cement. In contrast to grey cement, white cement is a premium product, with niche applications and markets, which are clearly differentiated from grey cement products.

White cement is differentiated from grey in term of:

1. White colour and capacity for being combined with different pigments in order to produce uniformly coloured products.
2. Much more consistent product quality than grey cement with less variation and fewer impurities makes white cement a preferred component of dry-mix construction formulations.

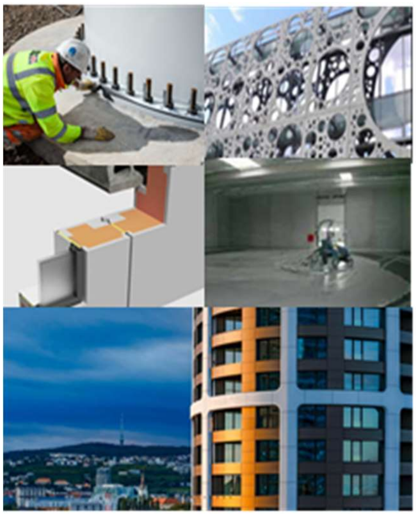
Typical applications for white and grey cement differ significantly. Grey cement is a commodity product, used for mass construction, such as civil works, dwellings and industrial estates (Fig. 1).

(a) *(b)* *(c)*

Fig. 1: Examples of grey cement applications.
(a): Concrete pipes
(b): In-situ cast concrete for a road bridge
(c): Pre-cast concrete elements for a multi-story dwelling

White cement, on the other hand, is used for specialty applications, where chemical purity, compatibility with other components, high strength or certain aesthetic impressions is desired. This is exemplified by a number of specific applications of white cement:

High and ultra-high-performance concrete, and glassfibre-reinforced concrete



Responding to the megatrends in construction such as fast-rise, mass-customisation, the circular economy, maximised energy efficiency, minimising on-site operations, maximising performance and durability at reduced material consumption, etc., advanced technologies previously regarded as 'unnecessary' are rapidly growing in terms of applications and volumes, providing unique value propositions. These are empowered by the purity and high performance of white cement and bringing solutions to the market with unprecedented performance. A few examples are joint systems for windmill foundations (on- and off-shore), UHPC overlays on bridges for enhanced durability and load-bearing capacity, ultra-thin modular energy-efficient wall panels, durable and material-usage optimised 3D printed objects…

White and coloured mortars

Cement-based plasters and mortars are used for covering facades, swimming pools and in general to reduce painting requirements, and maximising possibilities in terms of surface texture and expression. Because of its high durability, much less maintenance is needed than painted surfaces.

Without white cement it would be impossible to produce these materials, which need a homogeneous and reactive base product for their preparation. Only white cement satisfies these requirements.

Renders, joint fillers and tile adhesives

White cement is often used as the main binding component in the formulation of construction materials such as joint fillers, ceramic tile adhesives, insulation and anchorage mortars, industrial floor mortars, ready-mixed plaster, repair mortars and water-tight coatings, such as for bathrooms.

These products have complex formulations involving ten or more ingredients. The regularity and chemical purity of white cement is critical to these applications, both during application and their lifetime.

Exterior facade panels and decorative coating stones

White cement is also used in products such as floor tiles, kerbstones and prefabricated stairs, balconies and windowsills. Additionally, applications such as white briquette and white press brick, concrete grids and pool edges are also areas of use.

Similar products cannot be made in any practical and durable manner by simply painting grey concrete materials.

Works of art and street furniture

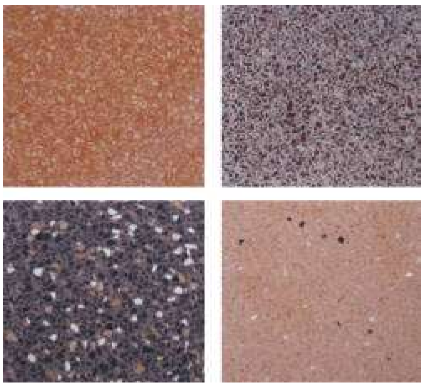
White cement is used in concrete sculptures, monuments and the restoration of archaeological sites. This is due to the ability of white concrete to be cast in any shape (plastic capability) and unbeaten durability.

It is also used for the construction of street furniture, as it is more durable than steel and can take different colours.

Pre-cast and concrete elements

Use of white cement is a more durable alternative than paint in applications where colours are required. Furthermore, in concretes produced by white cement, both early and ultimate compressive strengths are significantly higher. This property allows increased production speed in concrete and prefabricated applications, reduces costs by eliminating steam curing and also removes the negative effect of steam curing on the final strength of concrete. It has been used in iconic buildings and remarkable public constructions (bridges, railway stations, stadiums, etc.).

Terrazzo and artificial stones



In the production of terrazzo, the external coloured layer in the panels is a fine white cement-based mixture that may be colour-pigmented. Production of coloured terrazzo would be impossible without the use of white cement.

The same is also true for the production of artificial stones and marble.

Optimised use of white cement is inherent

White cement, as a direct consequence of using a more refined selection of raw materials and the higher energy consumption for its production, results in a significantly higher cost to the manufacturers than when using grey cement. Hence, users of white cement will optimise its consumption wherever possible. A few examples are:

- When colour, high abrasion resistance and durability of the surface of a tile triggers the use of white cement, European manufacturers will either reduce the overall thickness of the tile, increasing the use of white cement attributes, or alternatively, apply face-mix technologies, where only a thin surface layer based on white cement will be applied on top of a 'traditional' grey concrete tile. As a result, there are no aesthetic requirements for the grey concrete part, meaning that the grey cement content can be minimised.
- Sandwich precast concrete facades are generally made of two layers of concrete with insulation in between. One thinner layer, visible to the exterior, can be considered made of white cement to achieve a specific appearance, whilst the internal, thicker loadbearing layer, needing installation and finishing operations on site, is made of conventional grey concrete. Some European pre-casters are even using face-mix technologies to reduce the amount of white cement usage.
- Facade rendering systems are composed of several layers of mortar applied to a wall. Each of these has its unique purpose, from smoothening layers typically based on grey cement, up to the final texture and colour layer, typically composed of white cement, which also provides the waterproofing and durability properties to the entire system.

Markets

The different applications for white and grey cement are reflected in the estimated market segments for the two products (Fig. 2). The product applications are also different within the segments, for example terrazzo being a major component in the 'brick, blocks and tiles' segment for white cement, whereas concrete pipes and paving stones comprise a large part of the same segment for grey cement.

Fig. 2: Estimated market segments for white and grey cement[2].

[2] For white, the dry-mix segment has the lion's share in the 'others' group.

Trade

Grey cement is a commodity product, manufactured at many locations close to the market. On the other hand, white cement is a high-value product which is produced at relatively few, dedicated plants located close to the appropriate raw materials. White cement is therefore traded across borders to a much higher degree than grey (Fig. 3). This is the case for both import/export from the EU as well as between EU countries (see Annex A).

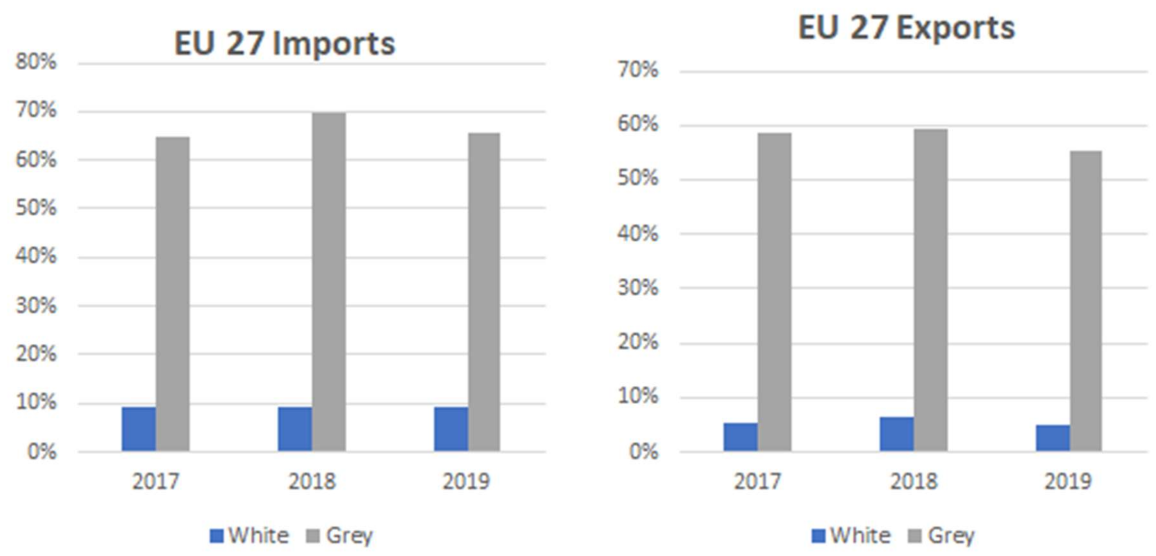


Fig. 3: Import/export of white cement vs. cement of all types.

Product quality differentiation between white and grey

From the clinker production process, there are two major differences between white and grey cement:

1. The quality control of the colour.
2. The production process, including the selection of raw materials.

This feature of white clinker production compared to grey leads to significantly higher energy consumption required in the clinker burning process.

Whiteness as a product differentiation between grey and white clinker

Whiteness is controlled during all the phases of production and is also used as a conditional clause in trade contracts.

Colour is measured with a photometer according to a common standard ISO 7724 (DIN 5033) and is determined using a $BaSO_4$ standard. The following parameters are determined (Fig. 4):

L*	-	Reflection, e.g. the degree of brightness
a*	-	Red or green hue
b*	-	Yellow or blue hue

The reflection (L factor) is tightly controlled in the different production phases, as it is measured for the clinker leaving the kiln and for the cement produced at the grinding installations.

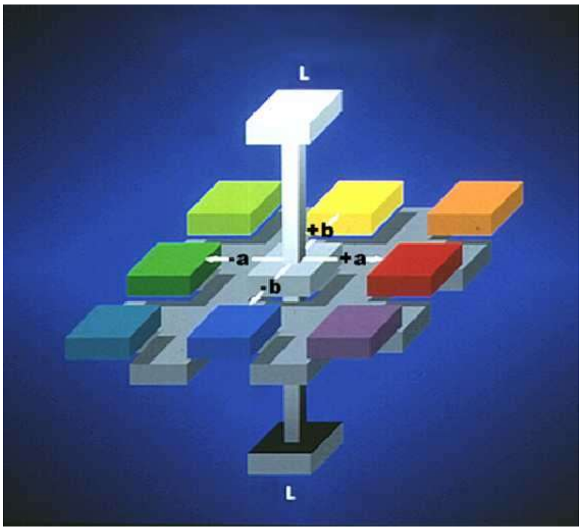


Fig. 4: Measurement of colour according to ISO 7724 (DIN 5033).

A reflectance of at least 86% is generally required for the white cement to be competitive. The reflectance of grey cement ranges from 30-40%, with a fairly dark colour being preferred. The demand for consistency of colour for white cement is much higher than for grey as varying shades of white or coloured surfaces are not acceptable.

Production process differences between grey and white clinker

Raw materials

The characteristic greenish-grey to brown colour of ordinary Portland cement results from a number of in its chemical composition. These are, in descending order of colouring effect, chromium, manganese, iron, copper, vanadium, nickel and titanium. The amount of these elements in white cement has to be minimised as far as possible in order to obtain the white colour. Most importantly, $Cr2O3$ has to be kept below 0.003%, $Mn2O3$ below 0.03% and $Fe2O3$ below 0.35% in white clinker.

In order to obtain these chemical purities, specially selected, high-grade raw materials are needed to manufacture white clinker. For example, limestone used in cement manufacture usually contains 0.3-1% $Fe2O3$, whereas levels below 0.1% are sought in limestone for manufacture of white cement. Furthermore, typical clays used in grey cement raw mix may contain 5-15% $Fe2O3$. Levels below 0.5% are desirable for white clinker and conventional clays are therefore usually replaced with kaolin. Kaolin is fairly low in SiO_2, and so a large amount of high-grade sand with low iron content is usually also included in the raw mix for white clinker.

Ceramic grinding media are therefore often used in place of chrome steel to reduce contamination. To avoid iron and other undesired elements, coal cannot be used as fuel for white clinker burning.

Manufacturing

The necessary temperature in the burning zone of the kiln for white clinker is somewhat higher than for grey. In addition, contrary to grey cement production, during white cement production, it is necessary to lower the clinker temperature from 1,200°C to below 600°C in a few seconds, as it leaves the kiln. This usually involves quenching with cold water. This quenching of red-hot clinker needs a reducing atmosphere, as the conversion of ferric oxide to ferrous oxide may take place in the presence of oxygen and this can negatively impact clinker whiteness. In addition, this process favours the reduction of Cr(VI) to Cr(III) or Cr(II) and consequently leaves white clinker free of soluble Cr(VI), which is always present in grey clinker.

Clinker properties

White clinker generally has a high level of C3S (usually more than 3% higher than in grey clinker). This results in white cement having a higher rate of strength development and higher strength at an early age than grey cement. In addition, white clinker has a high level of C3S and C2S, which gives a higher potential for late strength than grey clinker. Usually, the total C3S + C2S percentage in white clinker is at least 6% greater than the corresponding percentage in grey clinker. White cement therefore has stronger binding properties than grey cement of the same type.

Effect of white cement on global warming and human safety

Light-coloured surfaces reflect sunlight much more effectively than dark. Providing more reflective surfaces, such as light-coloured roofs, walls and pavements, will therefore result in more energy reflected back into space, resulting in less warming.

Locally, this effect is especially significant in cities which tend to become unbearably hot during summertime. Substituting dark roofs, walls and pavements with white ones significantly reduces this ‘heat island effect’.

Furthermore, it is estimated that 40% of the total energy consumed around the world comes from building air conditioning. This energy consumption can be reduced significantly by lighter colouration of facades and roofs of buildings. This way, more solar energy will be reflected and the temperature of the insides of building will drop, reducing the need of air conditioning. Recent studies have shown that a rise in the albedo (measure of the fraction of reflected incident sunlight) of urban surfaces could save, in the US alone, energy with an economic cost up to 3 billion dollars and reduce the global temperature by 0.01 °C each year (Akbari et al., 2006).

Applying the same methodology as used in Akbari's study to buildings, the energy consumption of a building according to the colour of the facade can be estimated. The result indicates that the CO_2 savings from using white concrete walls in constructing an office building with the dimensions 15 x 15 x 20 m will be approximately 27 tons annually (see annex C). Assuming that 28 tons of white cement is used for the building and that the CO_2 emission associated with this production is 1.2 tons CO_2 per ton of white cement, the CO_2 savings will be greater than the emissions associated with the cement production after less than two years.

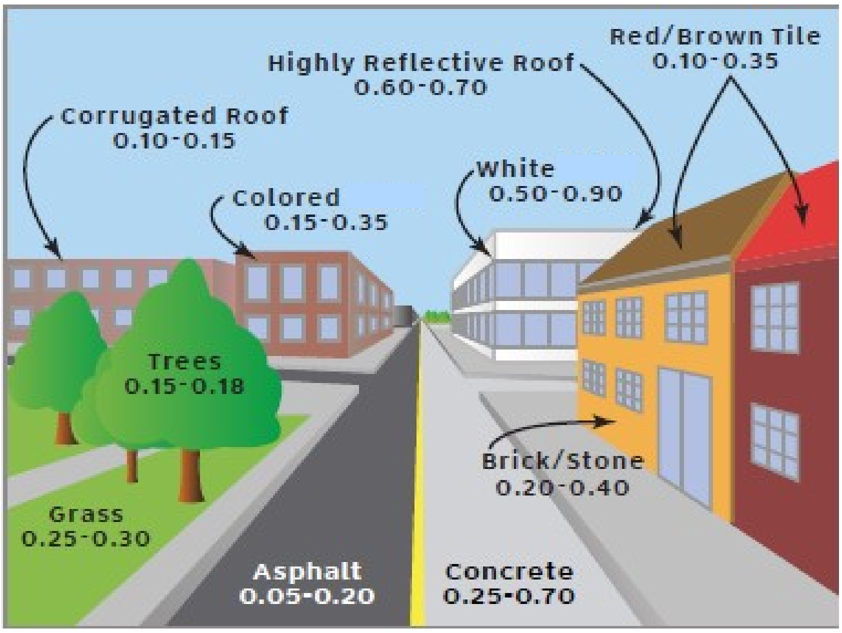


Fig. 5: Illustration of the albedo effect

Another benefit of using white cement products is in tunnels and industrial warehouses, where increased reflection will result in significant energy savings in artificial lighting. White cement plaster, panels or floorings will also strongly reduce the need for artificial lighting, reducing the need for electricity for this purpose (Fig. 6).

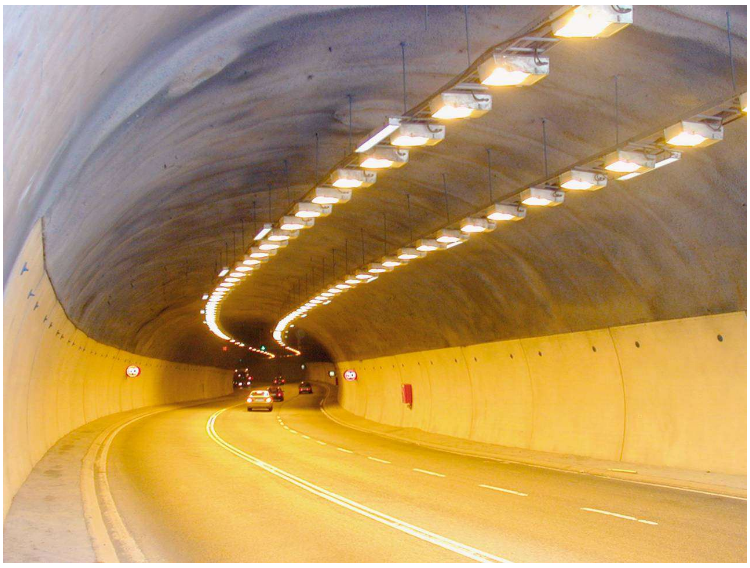


Fig. 6: Application of white cement-based panels reduces need for lighting in underground tunnel.

White cement has an important use in road barriers, sound barriers and other road equipment, where the white colour increases visibility. This is especially significant under wet conditions, where grey concrete road barriers will appear almost black (Fig. 7). Painting grey road barriers white is not a safe option, as the paint will wear off and frequent repainting (which rarely happens) is necessary (Fig. 8).

Fig. 7: Concrete road barriers based on grey and white cement, respectively, illustrating the improved visibility of white concrete under wet conditions.

Fig. 8: Grey concrete road barriers painted white. Illustrates the safety hazard and additional costs needed for repainting the road barriers.

Grey cement

Cementir Holding produces and distributes all types of grey cement, which are classified by type (based on the composition of clinker and other substances such as blast furnace slag, microsilica, pozzolana, ash, calcined shale, limestone and secondary ingredients) and by class based on mechanical resistance to compression. There is a focus on the production of cements with a low tricalcium aluminate content, high granulated blast furnace slag and pozzolana content, which are characterised by high sulphate resistance, low hydration heat and resistance to rainwater.

Production of ready-mixed concrete

In 2020, Cementir Holding produced and distributed 4.4 million cubic metres of ready-mixed concrete of all types and classes. Ready-mixed concrete is used widely in construction and comes from a mixture of cement and aggregates like sand, gravel, water and any additives. The aggregates serve as bulk, while the cement, reacting chemically with water, serves to bond the other elements. In some cases, admixtures of various kinds diluted in water are added to obtain specific results or performances, for example greater fluidity or rapid setting.

Ready-mixed concrete is made and pre-packed in plants known as concrete mixing plants where the mixture is dosed in special equipment. The mixing stage may take place directly at the plant (using premixers) or during transport using special vehicles (mixer trucks) that continuously mix the product so that it maintains its fluidity, which is essential for building work. When the ready-mixed concrete reaches the building site it is ready for use, i.e. the ‘pouring’ phase. Often, before being ‘poured’, the ready-mixed concrete is subjected to a special process known as ‘pumping’. This consists of a second transport phase through piping, which makes it much easier to reach particular heights to form floor slabs, tunnels, etc.

Aggregates and cement products

Cementir Holding produces concrete products at Vianini Pipe Inc. plants in the US. **These pre-stressed cement products consist of structural components for the building and transport industries**, and include pipelines, jack pipes, blocks, tiles, railway sleepers, etc., produced using mechanical and hydraulic technologies with cement as a raw material.

In Belgium, Denmark and Sweden, Cementir Holding is also active in the production and distribution of aggregates to third parties. **Aggregates are rocky materials such as gravel, sand and stone extracted from quarries and from the shores of rivers** which are crushed and then used with hydraulic binders such as cement and lime in order to create concrete, mortar and other types of plaster. In many cases they are also used as structural elements in construction work.

Waste management and recycling

Waste is not only a source of recyclable material, but also of alternative fuels with a high calorific value. **Using alternative fuel derived from industrial and solid urban waste has major environmental advantages**, both because it reduces the use of fossil fuels and because it offers a solution to the problems of storage and disposal.

Cementir Holding was one of the leading industrial players to capitalise on these opportunities and **since 2009 has been operating in the renewable energy, urban and industrial waste management and processing sectors.** These operations are conducted through Recydia, which owns the Sureko businesses in Turkey, and Neales Waste Management in England, where in addition to its waste treatment plant, the company manages a landfill that enables the production of renewable energy by transforming food waste into biogas.

Through its modern facility located to the west of the city of Izmir, **Sureko** is involved in the management of industrial and hazardous waste and the production of alternative fuels that are used at the Izmir plant.

NWM Holding, through its subsidiaries Neales Waste Management Ltd and Quercia, is one of the leading providers of hazardous and non-hazardous waste treatment, recycling and disposal services in North-West England.

The Group’s plants use the most advanced biological technologies to produce alternative fuels and thermal energy, minimising landfill waste and contributing to the reduction of greenhouse gas emissions.

Storage of urban waste releases methane, a greenhouse gas with a polluting effect 21 times greater than that of carbon dioxide. Therefore, using urban waste as an alternative fuel in cement plants is fundamentally important because it contributes to the sustainable disposal of waste and reducing the negative effects of greenhouse gases. Moreover, unlike the process in waste-to-energy plants, use of waste as an alternative fuel in cement plants does not produce residues, as the ash deriving from combustion is recycled in cement production.

To achieve these results, the Cementir Group uses applicable and well-tried integrated solutions and has for years invested in the development and the widespread use of innovative technologies for waste management and fuels from waste, such as sorting, recycling and biodrying.

Waste processed in 2020

In 2020, the Group's plants collected and processed more than 259,000 tons of waste: 43% solid urban waste and 57% industrial waste.

Waste processed	Unit	2020	2019	2018
Solid urban waste	t	110,659	230,943	260,671
Industrial waste	t	148,879	189,411	134,213
Total	**t**	**259,538**	**420,354**	**394,884**

In June 2020, Cementir sold fixed equipment owned by Hereko, the division operating in the processing of municipal solid waste in Istanbul. This explains the decrease in the total amount of waste processed, comparing the 2019.

In 2020, the Group's plants recycled, through mechanical selection and treatment processes, about 7,430 tons of materials.

Recycled material produced	Unit	2020	2019	2018
Ferrous material	t	1,843	2,316	2,930
Plastic	t	527	1,807	4,908
Aluminium	t	672	966	1,156
Other materials	t	4,389	1,668	1,348
Total	**t**	**7,431**	**6,757**	**10,342**

Through biomechanical and drying processes, the Cementir Group's treatment plants produced more than 79,000 tons of fuel from waste in 2020. The decrease comparing to 2019 is related to the sale of fixed equipment owned by Hereko, already mentioned - resulting in a decrease compared to the previous year.

Alternative fuel produced	Unit	2020	2019	2018
Refuse-derived fuel	t	14,335	16,223	21,890
Solid recovered fuel	t	64,772	84,297	83,589
Total	**t**	**79,107**	**100,520**	**105,479**

10-year roadmap

Our 2030 commitment in numbers

In the last few years, Cementir has been actively committed to pursuing a programme inspired by the principles of the circular economy, which envisages a series of initiatives focused on reducing the environmental impact of its operations and on developing less CO_2-intensive products.

Since 2019, Cementir has decided to take more disruptive actions for fighting climate change by defining a 10-year roadmap to maximise the deployment of existing technologies and laying the groundwork for the breakthrough innovations that will lead to the production of ‘net zero emissions’ cement. For this purpose, Cementir established the Group Sustainability Committee (GSC) with the primary objective of assisting the Board of Directors in defining its sustainability strategy, indicating the main objectives and areas of intervention to be reflected in the Industrial Plan and providing indications and recommendations to the Board of Directors and other bodies within the company on policies, guidelines and KPIs linked to sustainability objectives.

Cementir set 25 Sustainability Targets to minimise the environmental impact of its business and help create a healthy, safe and inclusive work environment and establish a constructive and transparent relationship with local communities and business partners.

By 2030, Cementir’s plan is to reduce its Scope 1 emissions to less than 500 kg CO_2 per tons of grey cement produced (equivalent to a planned 30% reduction of CO_2 emissions per ton of cement by 2030, compared to 1990).

GREY CEMENT					
Years	**2019**	**2020**	**2022**	**2025**	**2030**
Use of traditional fuel in %	69%	72%	64%	57%	23%
Use of alternative fuel in %	31%	28%	36%	43%	77%
Clinker Ratio	82%	82%	78%	73%	68%
CO_2 emissions (kg CO_2/ton cement)	**696**	**718**	**679**	**577**	**494**

For white cement, which is a specialty product with niche applications and markets (0,5% of total worldwide cement production, as described in the paragraph ‘Difference between grey and white cement’)), the plan is to reduce its Scope 1 carbon intensity to 800 kg CO_2 per ton of white cement produced (35% reduction of CO_2 emissions per ton of cement by 2030, compared to 1990). This reduction would bring the emissions under the ETS benchmark for white cement (928 kg CO_2 per ton of cement and equal to the EU ETS benchmark for the clinker, 957 kg CO_2/t clinker, multiplied by the clinker to cement ratio of 0.97).

WHITE CEMENT					
Years	**2019**	**2020**	**2022**	**2025**	**2030**
Use of traditional fuel in %	96%	97%	96%	95%	94%
Use of alternative fuel in %	4%	3%	4%	5%	6%
Clinker Ratio	84%	82%	82%	82%	80%
CO_2 emission incl. (kg CO_2/ton cement)	**926**	**915**	**915**	**870**	**808**

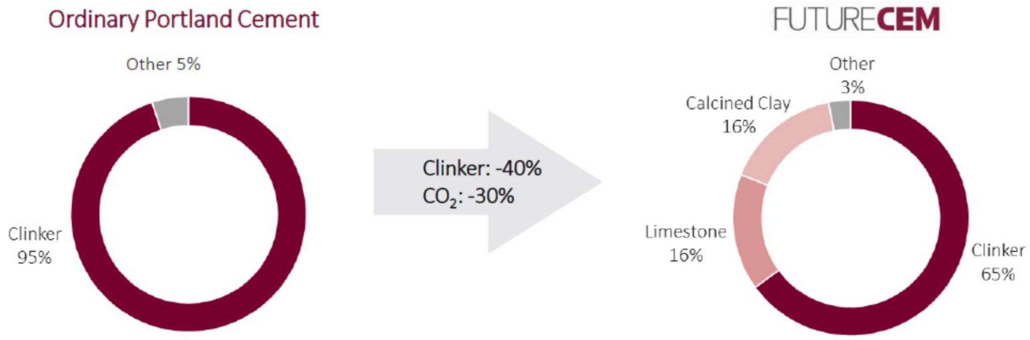
Specific targets for alternative fuels, clinker ratio and CO_2 emissions have been established in order to accomplish the 2030 goals. Such targets have been deployed in every single plant and per year and were included in the Industrial Plan 2021-2023 and in our employee short-term incentive system.

Our key actions and related investments for the 2021-2030 period

The 10-year roadmap is focused on the following pillars:

- **Reduction of clinker content to 68% for grey cement and 80% for white cement.** In the production of cement, the majority of CO_2 emissions occur when the raw materials (mainly limestone) calcinates into clinker in the kiln. The CO_2 results from the chemical reaction that starts when limestone is heating up to 1450°C. This process, called calcination, is responsible for about the 70% of the total Scope 1 emissions generated by Cementir. Cementir will reduce the clinker content through:
  - The *replacement of clinker with alternative decarbonised mineral additives such as fly ash and slag*.
  - The *development of a new low-carbon cement*, **FUTURECEM™**, an innovative, validated and patented technology which allows for more than 35% of the energy-intensive clinker in cement to be replaced by limestone and calcined clay. This combination of materials in FUTURECEM™ has resulted in a much more sustainable, high-grade cement with a carbon footprint up to 30% lower than regular Portland cement. And the low-carbon benefits of FUTURECEM™ have been achieved without compromising the strength and quality of the cement.

    Below is the average composition of an ordinary Portland cement and what is achievable with FUTURECEM™.



From 2014-2019, Cementir participated, together with researcher institutions and a range of stakeholders and customers from the construction industry, in the Danish project Green Concrete II with the aim of testing FUTURECEM™ in a wide range of actual ready-mix concrete applications. In this project, FUTURECEM™ was tested at full-scale in construction parts for infrastructure (two bridges) as well as in an indoor floor and wall in the new concrete laboratory at the Danish Technological Institute. Those demo projects demonstrate that FUTURECEM™ can be implemented in the concrete industry using conventional production and execution technologies.

Between 2018 and 2020, Cementir performed a survey to explore and figure out the status of the 'green transition' in North Europe (Scandinavia, France, Belgium, Netherlands), then how it will change the construction industry in the coming years and finally what a building materials manufacturer such as Cementir should do when it comes to sustainability. The goal of the survey was to understand the dynamics of the green transition and the role that FUTURECEM™ technology could play in the future.

On January 2021, Cementir started the distribution of FUTURECEM™.

In the 2021-2023 period, the Group has planned the sale of about 1 million ton of FUTURECEM™. Starting from 2023, the annual production is expected to grow year by year. According to current estimates, by 2025 25% of grey product commercialized by Cementir is going to be replaced by FUTURECEM™ and by 2030 60% of the cement is going be produced by Cementir through FUTURECEM™ technology.

- <u>**Replacement of fossil fuels with alternative fuels**</u>. We will replace fossil fuels with waste-derived fuels and biomass fuels. For grey cement, by 2030, Cementir will use 77% alternative fuel, while for white cement alternative fuels will amount to 6%. As explained previously (see 'Difference between white and grey' section), the demand for consistency in the colour of white cement is much higher than for grey as a great deal of attention is paid to the purity of the colour. Alternative fuels affect the colour and for this reason their use is drastically limited in the production of white cement.

- <u>**The establishment of a natural gas line to the plant located in Denmark and the installation of multi-fuel main burners for the kilns**</u>. For the Danish plant, we plan a partial conversion of fuel consumption from pet coke to natural gas. The switching to natural gas, a fossil fuel with emissions much lower than pet coke (estimated reduction of 20% of CO_2), is a transitional solution and indispensable for Cementir's transition to net-zero emissions. As part of this strategy, Aalborg Portland (the Danish legal entity of Cementir) has entered into an agreement with the Danish gas distribution company, Evida, to connect the Aalborg plant to the gas distribution grid on 1 April 2022.

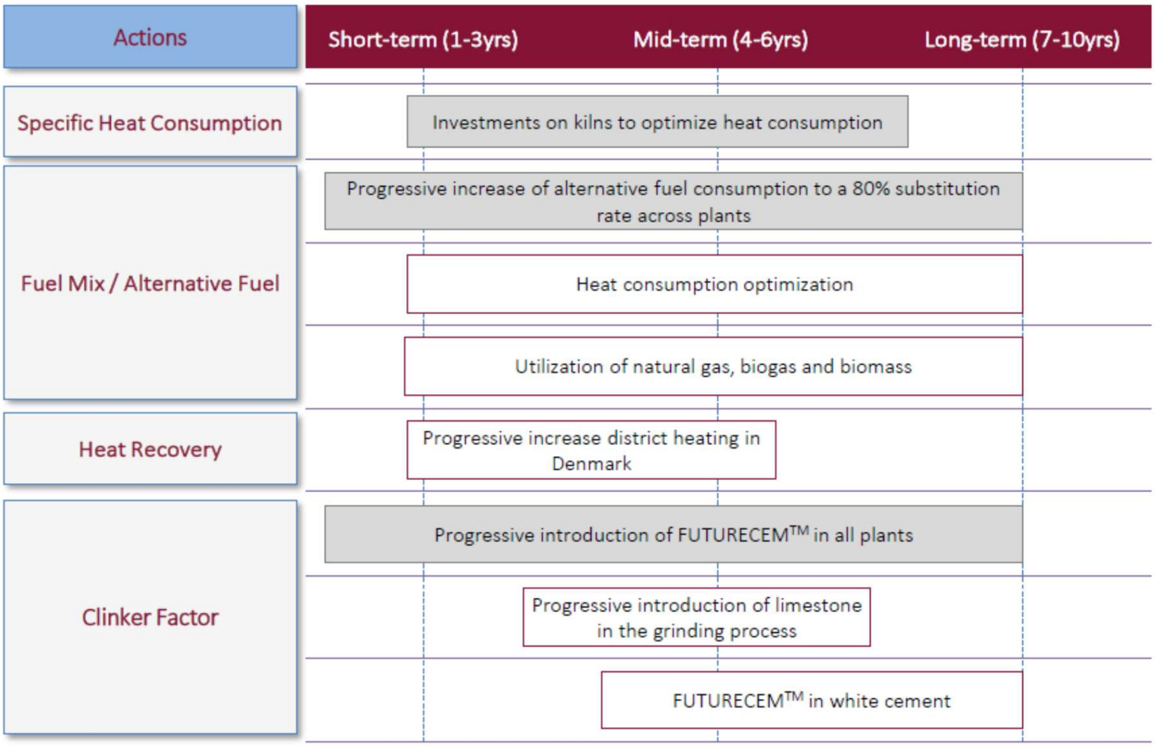
• **Energy recovery**. The Aalborg plant recovers excess heat from cement production to provide district heating to local inhabitants. The recovered thermal energy is used to heat the homes of about 36,000 families in the city of Aalborg, Denmark. The annual CO_2 savings related to this heat recovery system has been estimated at 150,000 tons. This calculation is based on the amount of CO_2, that is not emitted from the local coal-fired power station, because the total needs are partially covered by the heat coming from the Aalborg plant. In this way, the energy that has already been produced during cement production is recycled and delivered to 50,000 families, covering almost half of the Aalborg population.

• **Commitment to carbon-related public policy**. Cementir actively participates in global and national industry policy discussions on issues related to climate change, sustainable infrastructure, the circular economy, alternative fuels, and waste management frameworks, among others. Since November 2019, the Group has been involved in the most ambitious CO_2-reduction project ever sponsored by a national government. In autumn 2019, the Danish government made a broad political agreement with all political parties, including one at parliamentary level about a binding climate law with the target of reducing Danish CO_2 emissions by 70% by 2030 compared with the 1990 baseline. The Managing Director of Aalborg Portland, Danish Cementir subsidiary, is leading the climate partnership for Danish energy-intensive industry. The working group will provide the Danish government with a technical forecast of all potentially achievable CO_2 reductions and will define the prerequisites (policy, research, innovation, subsidies, etc.) for such reductions.

Main investments to achieve CO_2 reduction targets

The 10-year roadmap describes the main investments needed to support the 2030 targets. To foster the transition of the Group to a low carbon economy, decisions on investments are driven by an internal carbon price (in 2020, €30 per ton has been applied). Cementir also applies an internal carbon price to navigate GHG regulations such as the EU ETS. For the plants located in the EU, we run various scenarios with different prices to anticipate the CO_2 cost the Group will be exposed to until 2030.

Below the main initiatives that have been planned.

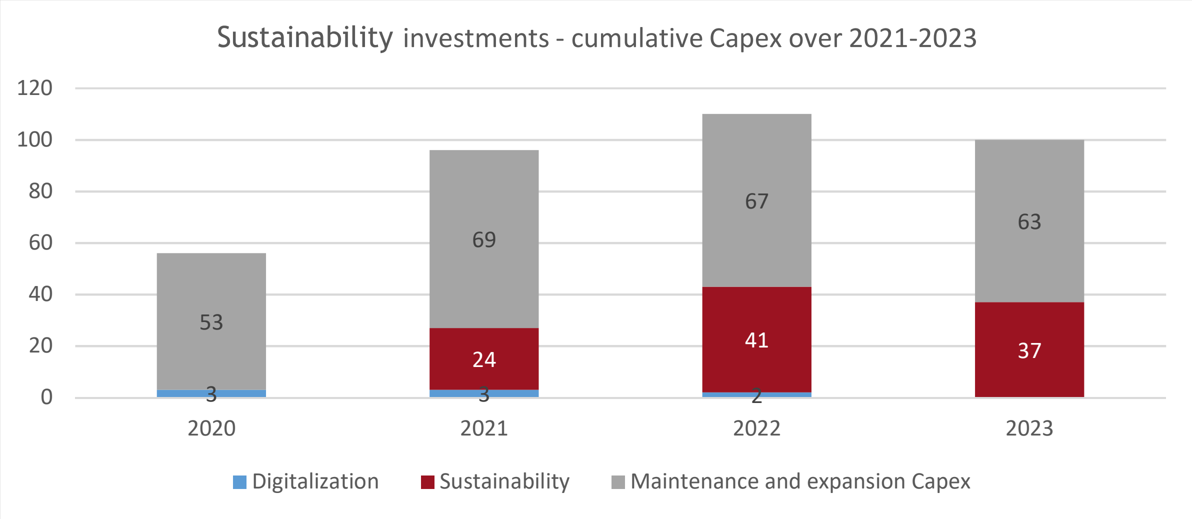


In the 10 year Roadmap, the Group planned the main investment needed until 2030, out of which 107 million declared in the Industrial Plan 2021-2023, approved by the Cementir Board of Director in February 2021.

The roadmap has not yet estimated the investment for breakthrough technologies (e.g. carbon capture) for which the related business cases are still under development by the Group.

In the 2021-2023 period, the major investments will be related to:

- Upgrade of the kiln in the Belgian plant to increase alternative fuel use from the current 40% to 80%. Once completed, this investment will guarantee a CO_2 reduction of about 88,000 tons annually.
- Construction of a new calcination plant aimed at the production of FUTURECEM™. As already mentioned, through FUTURECEM™ technology, the clinker in cement will be partially replaced by limestone and calcined clay. The creation of a plant for the calcination of clay will support the shifting of our product portfolio from tradition Portland cement to low carbon cement (FUTURECEM™).
- Installation of two wind turbine generators (2 WTGs producing 4,200 kW) in the Aalborg plant. The energy produced will be used by the plant. According to the estimates, 2 WTGs will help reduce CO_2 emission by 25,000 tons CO_2/year.
- Expansion of district heating supply in Aalborg from the current 36,000 to over 50,000 households. The Aalborg plant recovers excess heat from cement production to provide district heating to local residents. In 2020, the Aalborg plant delivered about 1.8 million GJ of energy to the municipality of Aalborg, with annual CO_2 savings of 150,000 tons for the municipality.



Our Vision for a net zero world

As a member of the European Cement Association (CEMBUREAU) and of the Global Cement and Concrete Association (GCCA) our ambition is to reduce CO_2 emission intensity to achieve carbon neutrality along the value chain by 2050.

CO_2 emissions can be reduced by acting at each stage of the value chain - clinker, cement, concrete, construction and (re)carbonation[3] - to achieve zero net emissions by 2050. This will require maximising existing technologies to replace fossil fuels with biomass and increase the efficiency of the kilns; the development of FUTURECEM™; the deployment of breakthrough carbon capture and storage/use technologies (CCUS) and optimised concrete mixes and building techniques.

Value chain engagement

To understand the environmental impact of a company's economic activity, it is not enough to look at only its direct emissions and risks. The entire value chain must be engaged to evaluate and improve its performance.

For this reason, in 2020, we started to investigate the CO_2 emissions of our suppliers in order to understand how they could be reduced and how to develop mutually beneficial projects (for both Cementir and the suppliers).

In total, 55 suppliers (30% of total purchases by value) were invited to participate in the CDP Supply Chain programme.

Each supplier was invited to disclose information about its risks and opportunities associated with climate change, its emissions, details on its emissions management strategy such as targets, and actions it has taken to reduce its emissions. In this way Cementir will:

- Monitor Scope 3 emissions of its supply chain.

[3] Re-carbonation is the process whereby concrete re-absorbs some of the CO2 that was released during clinker production. It is a process that occurs naturally in all concrete structures, permanently trapping the CO2. Thanks to recarbonation, cities effectively act as carbon sinks, allowing further reduction of emissions in the full cement and concrete value chain. [4] For the Code of Ethics, please see https://www.cementirholding.com/en/governance/ethics-and-compliance

- Monitor the actions undertaken by the suppliers to manage climate change risk.
- Spread awareness among suppliers of climate change.

To support this engagement and boost supplier response rates, dedicated supplier training webinars have been held. This training aimed to communicate the importance and benefits of transparently reporting on emissions and climate impact.

Our commitment on carbon-related public policy

Cutting our CO_2 emissions is a priority of Cementir Group, but clearly, we cannot achieve a carbon neutral future alone.

Cementir is also actively involved in global and national industry policy discussions on issues related to Climate Change, Sustainable Infrastructure, Innovation & Digital Transformation, Operational Efficiency, Health & Safety, the Circular Economy, Alternative Fuels, and Waste Management Frameworks, among others.

Cementir is a member of the **Global Cement and Concrete Association (GCCA)**, with the aim of fostering innovation and collaboration with industry associations and inspiring architects, engineers and innovators across the globe and along the length of the built environment value chain. Through the GCCA, in 2019, Cementir joined Innovandi, a network connecting cement industry and scientific institutions to drive new ways of working and innovations.

In 2019, the Group became member of the **Carbon Disclosure Project (CDP)** in order to improve the Group's accountability for climate change. In 2020, Cementir was awarded a 'B' rating from CDP, recognising our actions to mitigate climate change and our significant commitment to a low-carbon economy. This result represents a significant improvement from the previous 'F' rating and puts Cementir amongst the top players in the cement industry and much better than the average company, given that the average CDP European and Global rating is a 'C'.

Cementir is also member of the **European Cement Research Academy (ECRA).** The ECRA's most important research projects are related to carbon capture and storage (CCS) technology.

Through the **CEMBUREAU (European Cement Association),** Cementir is directly involved in dedicated working groups that are coming up with proposals for revising the EU Emissions Trading System and sustainable construction legislation, as well as providing feedback to the EU Commissions concerning the EU Taxonomy.

Governance

The Corporate Governance system

Cementir Holding N.V. (hereinafter 'Cementir Holding' or 'Company') is a Dutch public limited company with its registered office in Amsterdam, The Netherlands, at 36 Zuidplein, 1077 XV and a secondary and operational office in Rome, Italy, at Corso di Francia, 200.

The tax residence of the Company is in Italy.

The Company has been listed in the STAR segment of the Milan Stock Exchange since 1955.

Cementir Holding has elected the Netherlands as home Member State for the purposes of Article 2(1)(i)(iii) of Directive 2004/109/EC of the European Parliament and the Council of 15 December 2004 (the so-called 'Transparency Directive').

The **Corporate Governance** system adopted by the Cementir Group is in line with the principles and best practice provisions set out in the Dutch Corporate Governance Code (hereinafter the 'Code'), applied by the Company. It is based on the essential role of a one tier Board of Directors (as the highest body responsible for managing the Company in the interest of its shareholders), on transparency in the company's decision-making processes and on an effective network of internal controls. The system was implemented by the Group by preparing and adopting codes, standards, rules and procedures that govern and regulate the conduct of the activities of all organisational and operating units of the Group.

The **Shareholders' Meeting** is responsible for passing ordinary and extraordinary resolutions on the matters reserved to the Shareholders' Meeting by law or by the Articles of Association.

The **Board of Directors** is vested with the broadest powers of ordinary and extraordinary administration, except for those exclusively reserved to the Shareholders' Meeting by law and by the Articles of Association. The Board may be composed by one or more Executive Directors and one or more Non-Executive Directors, within a total number of Directors between five and fifteen.

Directors are appointed by the General Meeting. Directors can only be nominated for appointment pursuant to a proposal of the Board or to a proposal of one or more Shareholders, alone or together representing at least the 3% of the issued share capital, provided that the proposal has been notified to the Board in accordance with the requirements of the Articles of Association.

The nomination shall state whether a person is nominated for appointment as Executive Director or Non-Executive Director.

The Executive Director is responsible for the management of the Company with the widest powers to the maximum extent permitted by the applicable law, developing and setting the Company's objectives and strategy, overseeing the associated risk profile and addressing corporate social responsibility issues that are relevant to the Company.

The Executive Director also discusses the effectiveness of the design and operation of the internal risk management and control systems with the Audit Committee and report on this to the Board.

The Chief Executive Officer is primarily responsible for the day-to-day management of the Company and is vested with each and every power of ordinary and extraordinary administration of the Company, to the maximum extent permitted by the applicable law. Only one Executive Director has been appointed and he is also automatically Chief Executive Officer and Chairman pursuant to the Company's Board Regulations and Articles of Association.

The Board also appoints a non-executive director as Senior Non-Executive Director to serve as the chair of the Board as referred to under Dutch law according to the Company's Articles of Association and Board Regulations. The Senior Non-Executive Director cannot be a former Executive Director and must be independent in accordance with Best Practice provision 2.1.8 of the Code. The Senior Non-Executive Director cannot be the chair of the Audit Committee or the Remuneration and Nomination Committee.

The Board may designate one (1) or more of its Non-Executive Directors as vice-chair for a period decided by the Board. If the Senior Non-Executive Director is absent or unwilling to take the chair, a vice-chair is entrusted with the duties of the Senior Non-Executive Director entrusted to him by the Board.

The Board has established two committees from within its ranks to provide advice and submit proposals: the Audit Committee and the Remuneration and Nomination Committee.

The annual Corporate Governance Report is also available for consultation within the Board report on the company website www.cementirholding.com in the Governance section.

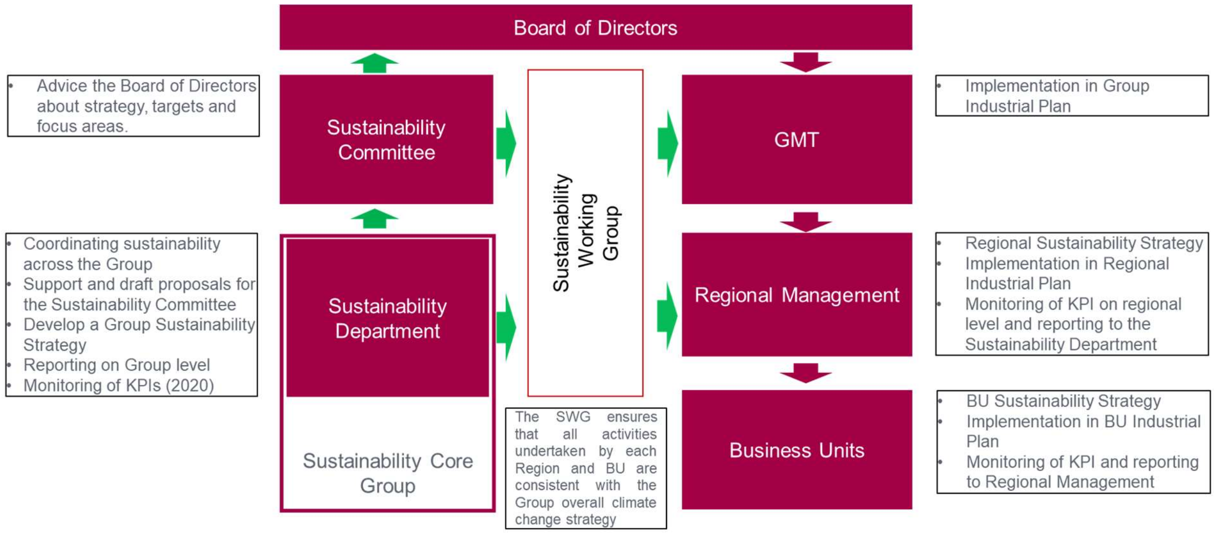
The gender and age distribution of the members of the Board of Directors and the Committees of the Cementir Holding is shown below.

Composition of Corporate Bodies	2020			2019			2018		
	Men	*Women*	***Total***	*Men*	*Women*	***Total***	*Men*	*Women*	***Total***
Board of Directors									
Under 30	0	0	**0**	0	0	**0**	-	-	**-**
30-50	2	2	**4**	3	4	**7**	4	4	**8**
Over 50	4	1	**5**	4	1	**5**	4	1	**5**
TOTAL	6	3	**9**	7	5	**12**	8	5	**13**
Of which independent	**1**	**2**	**3**	**1**	**4**	**5**	**1**	**4**	**5**
Audit Committee									
Under 30	0	0	**0**	0	0	**0**	-	-	**-**
30-50	0	1	**1**	0	3	**3**	-	3	**3**
Over 50	1	1	**2**	2	0	**2**	2	-	**2**
TOTAL	1	2	**3**	2	3	**5**	2	3	**5**
Of which independent	**1**	**2**	**3**	**1**	**3**	**4**	**1**	**3**	**4**
Remuneration and Nomination Committee									
Under 30	**0**	**0**	**0**	**0**	**0**	**-**	**-**	**-**	**-**
30-50	**0**	**1**	**1**	**0**	**2**	**2**	**-**	**2**	**2**
Over 50	**1**	**1**	**2**	**2**	**0**	**2**	**2**	**-**	**2**
TOTAL	**1**	**2**	**3**	**2**	**2**	**4**	**2**	**2**	**4**
Of which independent	**1**	**2**	**3**	**1**	**2**	**3**	**1**	**2**	**3**

The above data referred to the composition of board and committees at 31 December of each financial year.

The current composition of the Board of Directors shows a satisfactory degree of diversity and it also meets the target set by Dutch law on gender ratio, i.e. at least 30% for each gender. It is also compliant with the diversity policy and the profile approved by the Board where diversity is not based exclusively on gender and age, but also on technical and professional skills, which must be taken into account when appointing new members of the Board of Directors and committees of the Group.

The Sustainability Governance system



Composition of the main sustainability bodies	
Sustainability Committee	Sustainability Working Group (SWG)
Group Chairman and CEO	Group Chief Operating Officer
Chairman of Aalborg Portland Holding A/S,	Group Chief Internal Audit Officer
Chairman of Compagnie des Ciments Belges SA	Group Chief Technical Coordination Officer
Group Chief Operating Officer	Group Chief Sales & Marketing Officer
Group Chief Financial Officer	Group Sustainability and R&D Director
Group Investor Relations Officer	Nordic & Baltic Head of Region
Group General Counsel	Belgium Managing Director
Group Chief Internal Audit Officer	
Group Chief Technical Coordination Officer	
Nordic & Baltic Head of Region	
Belgium Managing Director	

Every area, function and employee, from the top of the management chain to workers in plants around the world are involved in the implementation of proper sustainability practices.

Several entities within the Group, primarily those included in the diagram, help direct a disciplined approach to sustainability management.

Due to the increasing relevance of sustainability-related issues and sensibility of the Group, in 2019, a specific Group Sustainability Committee (GSC) was established, dedicated to the Group's initiatives and engagement in this field and with responsibilities detailed in the related Charter.

The Committee's purpose is:

I. To assist and advise the Board in its oversight of the Group's policies, programmes and related risks, however they might concern sustainability matters.

II. To act under the authority delegated by the Board with respect to setting out, monitoring, evaluating and reporting on policies and practices, management standards, strategy, performance and governance, relating to global and local sustainability matters, involving the Group.

III. To regularly interface with the Sustainability Department, Sustainability Working Group (SWG) and the Group Management Team (GMT) to respectively collect any required information and provide requested insights and advice.

a) In 2020, the Sustainability Working Group (SWG) was established. The SWG is the operational arm of the Sustainability Committee. On a monthly basis, the SWG monitors the execution of the recommendations provided by the Sustainability Committee to the GMT. Moreover, it must ensure that all activities undertaken by each Region and BU are consistent with the Group's overall climate change strategy. Each region and BU must report and agree any activities undertaken at local level with business association, policy makers or local communities with the SWG.
b) The GMT composed of the Group COO, CFO, HR and Head of Regions, supports the Group CEO's decisions on relevant topics, defines operating guidelines and plays a vital role in ensuring that sustainability efforts are aligned with economic and business objectives.

IV. To provide regular reports to the Board.

The Group Sustainability Committee meets at least quarterly undertaking any responsibilities or tasks relating to sustainability matters, with the main task being the development of a Group Sustainability Strategy. Ownership of the Group strategy remains with the Board of the Group parent company, setting the overall strategy, approving the performance objectives and goals for the Group and the yearly Group NFS.

The Board of the parent company defines the guidelines of the risk management system, so that the main risks concerning the whole Group are correctly identified and adequately measured, managed and monitored, determining, moreover, the level of compatibility of such risks with the management of the company in a manner consistent with its strategic objectives. In addition, the Board of the parent Company, with the support of the Audit Committee, reviews and evaluates at least on an annual basis the adequacy of the internal control and risk management system, including climate and other environmental and social considerations in the assessment, taking into account the characteristics of the company and its risk profile, as well as its effectiveness.

Since 2012, Cementir Group has approved the Corporate and Social Responsibility Policy establishing the set of values to be applied by the Group in terms of social and environmental responsibility and decided to voluntarily share its sustainable development policy by publishing an Environmental Sustainability Report long before it was required by law. Industrial decisions regarding major capital expenditures, acquisitions and/or divestitures, including climate and other environmental and societal matters, are submitted for the approval of internal bodies (Group Management Team and Group Investment Committee) and then for the approval of the Board, according to the relevant Group policies.

Internal control and risk management system

The Internal Control and Risk Management System of Cementir Group is defined as the set of tools, organisational structures, procedures and corporate rules aimed at ensuring – through an adequate process of identification, evaluation, management and monitoring of the main risks – correct business management, consistent with the set objectives in terms of:

- Compliance with laws and regulations;
- Safeguarding of company assets;
- Effectiveness and efficiency of operating activities;
- Accuracy and completeness of reporting.

The Internal Control and Risk Management System of the Cementir Group is incorporated in the organisational, administrative, accounting and governance structure of the Group and it has been organised based on the principles envisaged by the Enterprise Risk Management – Integrated Framework, international standard issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report).

It considers all the main risks that may threaten the achievement of the Group's objectives. For this purpose, the following risks are identified and evaluated, based on the two variables of likelihood and impact, according to uniform criteria: strategic risks (related to the company mission), compliance risks (related to compliance with laws and regulations), financial risks (related to the accuracy and completeness of accounting and financial reporting), operational risks (related to the effectiveness and efficiency of operating activities) and sustainability risks.

A panel of specific risks related to the sustainability aspects is applied to all the Group companies.
The Sustainability risks are related to 5 key areas:

- **Transition risks**. We assess the exposure of Cementir to the risks related to the transition to a low-carbon economy through an analysis of emissions and thermal energy intensity and exposure to downstream regulation. For example, tightening emission regulations could translate into increased compliance costs for the Group. In European countries, there is a risk posed by governmental decisions on emissions and fluctuations in the price of CO_2 emission quotas (set by the EU Emissions Trading System, EU ETS), especially in the medium- and long-term period.

These annually permitted emission quotas are also being discussed in other countries where the Group operates, like China, where a system comparable to the EU will be introduced in 2021 for the power generation sector.
To mitigate these risks, the Group constantly monitors its emissions and compliance with regulations, planning the availability of CO_2 emissions quotas. Concerning the EU ETS, according to the possible scenario developed by the Group, Cementir will have free CO_2 allowances until the end of 2021. Starting 2022, allowances for around 600,000 tons of CO_2 of yearly emissions will be purchased.
Various actions covering different time horizons have been planned to manage this risk.

- *In the short term*, specific investments have been included in the 2021-2023 industrial plan. For example, concerning the Belgium plant, we have planned the upgrade of the kiln in order to increase alternative fuels usage to 80% of total fuel usage. This investment will guarantee a CO_2 reduction of 88,000 tons annually.
- *In the medium term*, we will reduce CO_2 emissions per ton of cement by about 30% by 2030. The target will be achieved through greater use of alternative fuels (77% of the total fuel usage to produce grey cement by 2030) and renewable resources, reduction of thermal consumption and the clinker ratio of cements.
- Cutting the CO_2 emissions in the medium-term is a priority of the Cementir Group, but we also believe that we cannot achieve the carbon neutrality acting alone. For this reason, looking at the long term, Cementir is involved in strengthening global partnerships for sustainable development. Cementir actively participates in global and national industry policy discussions on issues related to Climate Change, Sustainable Infrastructure, Innovation & Digital Transformation, Operational Efficiency, Health & Safety, the Circular Economy, Alternative Fuels, and Waste Management Frameworks, among others.

Climate-related issues and the related CO_2 emissions regulations are also affecting the landscape of suppliers, especially in Europe.

For example, fly ash is a by-product from burning pulverised coal in power plants. In Europe, pressure on reducing coal-fired plants is gradually reducing fly ash availability and increasing the related prices. Fly ash from coal-fired power plants can be used effectively as a component of raw kiln feed for the manufacture of cement clinker.

In the Aalborg plant, fly ash with a high alkali is used for the production of the clinker and the related fly ash cement.

The use of fly ash as an alternative raw material lowers the clinker/cement ratio. As clinker production is the most energy-intensive and CO_2-emitting step of the cement-making process, reductions in the clinker/cement ratio (through the use of clinker substitutes) reduce energy use and process CO_2 emissions.

In the short to medium term, in order to manage this issue, the Group is securing the current supply of materials through long term agreements, scouting for new suppliers and partially replacing fly ash with similar materials available in the market. In the long term, fly ash cement will be replaced by other new products, such as FUTURECEM™.

- **Physical risks.** We assess Cementir's exposure to acute physical risks, water stress risk and the usage and management of our water supply. In the short term, this risk is relevant for Group companies that have plants located in areas characterised by extreme weather conditions such as snow and very low temperatures in the winter (for example Norway and one plant in Turkey). If the winter is very cold, construction projects may be postponed or delayed. In such cases, customers postpone their purchases and as a consequence, Cementir's sales are also postponed. This issue is managed in a number of ways. For example, Cementir arranges training for customers on how to perform winter concrete casting (especially to foreign companies that are carrying out construction projects in Norway but that are not familiar with the weather). In addition, the ordinary maintenance of the plants is planned during the winter, when, as mentioned, due to climate condition, sales are slower.
  In recent years, extreme weather phenomena are increasing. Hurricanes, cyclones, typhoons, drought, floods, rain and snow are all becoming increasingly violent due to global warming. This means that in the medium/long term, this risk could also become relevant for the other plants within the Group.
- **Transition opportunities.** We assess Cementir progress in shifting towards a low-carbon economy by looking at exposure to alternative materials and fuel, and low-carbon products and technologies. For example, opportunities for new revenue streams from low-carbon products. As explained in the section 'Our key actions and related investments for the 2021-2030 period', Cementir developed FUTURECEM™, an innovative, validated and patented technology which allows for more than 35% of the energy intensive clinker in cement to be replaced by limestone and calcined clay. This combination of materials in FUTURECEM™ has resulted in a much more sustainable, high grade cement with up to 30% lower carbon footprint compared to regular Portland cement. And the low carbon benefits of FUTURECEM™ have been achieved without compromising the strength and quality of the cement.
  In the 2021-2023 period, the Group has planned the sales of about 1 million ton of FUTURECEM™. Starting from 2023, the annual production is expected to grow year by year. According to current estimates, by 2025 25% of grey product commercialized by Cementir is going to be replaced by FUTURECEM™ and by 2030 60% of the cement is going to be produced through FUTURECEM™ technology
- **Climate strategy.** We analyse Cementir governance frameworks including emissions reduction targets and the alignment of governance and remuneration structures with low-carbon objectives. Please see our 10-year roadmap for more details about the climate strategy
- **Social risks.** Cementir is focused on labour management, Health and Safety issues and analysis of human rights across the whole Group. Cementir strives to reduce the number of injuries step by step. The implementation and maintenance of effective and efficient management systems for incident

prevention is one of the key health and safety objectives at Group level. During 2020, all certified cement plants completed the migration process to the ISO 45001 standard (Health and Safety certification), finding full compliance with the standard's requirements. By the end of 2020, 73% of cement plants were ISO 45001 certified in total. The Group plans to certify all cement plants by 2022.
Concerning Human rights, Cementir is committed to maintaining and improving systems and processes designed to eliminate human rights related risks across the Group and implement remedial actions, in accordance with local constraints and requirements. As part of Cementir's initiative to internally identify and mitigate any risks related to human rights, in 2019 the Internal Audit defined a human rights self-assessment checklist as part of the standard internal audit process. In 2020, the human rights self-assessment checklist was performed by the Group legal entities and reviewed by the Internal Audit department, with a coverage of 79% of the Cementir workforce worldwide, involving the following countries: France, Belgium, Denmark, Norway, Turkey, the United States, China, Malaysia, Italy and Poland.

The identification and evaluation process described above is reviewed at least annually and specific disclosure is periodically provided to the Board of Directors and to the Audit Committee.

The Group Sustainability Strategy is incorporated into the Internal Control and Risk Management System of the Cementir Group. For this purpose, a dedicated section has been inserted, in which specific risks related to the achievement of the Sustainability Strategy's objectives and targets are mapped and evaluated. These risks are highlighted and subject to separate disclosure to the Audit Committee. The Internal Control and Risk Management System involves, at different levels, various corporate actors that interact with each other.

The Board of Directors has an oversight role by addressing and evaluating the Internal Control and Risk Management System, as well as by calling on the Audit Committee, which performs a preliminary analysis with reference to the related evaluations and decisions.

The Ethics Committee has the responsibility to ensure that the activities are conducted according to the ethical principles provided by the Code of Ethics. Moreover, it monitors the reports received relating to Code of Ethics violations, regarding which it receives periodical information from the Internal Audit Department, and can request further analysis or specific checks, if necessary.

The Group management team bears primary responsibility for the internal control and risk management activities and the second level control functions support the management with the definition of adequate risk management systems and related controls according to their responsibilities (e.g. EHS, anti-corruption, anti-trust and privacy).

Lastly, the Internal Audit Department is responsible for carrying out independent assurance activities on the Internal Control and Risk Management System, verifying the related adequacy in relation to the Group size and operating activities and ensuring the definition and implementation of adequate mitigation actions from the management.

Integrity and competition

The Cementir Group sees integrity and competition as fundamental principles, especially in view of the specific risks that characterise the cement and ready-mixed concrete production sector. The Group's Code of Ethics is the reference document that sets out the rules of conduct that everyone at the Group and who works with it must follow.

Alongside the Code of Ethics, within the individual regions, specific programmes and procedures have been adopted to ensure that these risks are mitigated and that companies operate correctly. Training courses are held periodically, organised by the Group to maintain a constantly high level of focus on this matter.

The Code of Ethics

Cementir Holding has adopted a **Code of Ethics**[4] endorsing the **business principles** that all company officers and employees, and anyone working with the company in any capacity, are required to comply with when pursuing company business. The Code, which has been distributed to all staff and is available for consultation on the website www.cementirholding.com, covers respect for ethical and behavioural principles, and the protection of health, safety and the environment.

The Code of Ethics also provides that the Group's operations must compete on the market in accordance with the laws and regulations of the relevant countries, in a spirit of integrity, propriety and confidentiality. To achieve this goal, the Cementir Group requires its employees to adhere to the highest standards of conduct in business, as set out in the Code and in the procedures to which it refers. The Group protects employees if they report violations of the Code and applies fair and proportional sanctions equally to all categories of employees, in accordance with the laws, contracts and domestic regulations applicable in the various jurisdictions.

In order to monitor the continued compliance with the Code of Ethics by those employed by the Company and its subsidiaries and uphold the applicable regulations, the Board of Directors established an Ethics Committee.

The **Ethics Committee**:

- Monitors dissemination of the Code and suggests possible training and awareness initiatives.

[4] For the Code of Ethics, please see https://www.cementirholding.com/en/governance/ethics-and-compliance

- Reports to the Board of Directors on the status of the process of implementing the Code, describing the programmes and initiatives undertaken to achieve the company's goals, any changes required to ensure its effectiveness and about updates to the Code including in response to legal developments.
- Provides support with the interpretation of the Code.
- Verifies violations.
- Follows up on any reports of infringements.
- Also addresses the periodic information report on whistleblowing.

A whistleblowing system has been in place since 2013, which can be used to report breaches of the principles and rules set out in the Code of Ethics and the policies adopted by the Group, or simply to report non-compliance with laws and regulations.

Employees or third parties (suppliers, customers or other stakeholders) can send, with the maximum guarantee of confidentiality, reports of illegal or undesirable behaviour by sending a letter or email, by completing a dedicated form in the corporate website or by using a mobile app as WhatsApp and Signal. (Please visit the corporate website for details: https://www.cementirholding.com/en/governance/ethics-and-compliance)

Cementir Holding's internal audit team receives the reports, analyses them and performs the audits. The results and any potential actions are assessed by the Ethics Committee. The relevant people and functions will be notified of any violations.

The Cementir Audit Committee is periodically updated on the status of the allegations.

In 2020, 6 alleged violations were received and investigated. Of these 2 claims were confirmed, 2 claims were not confirmed, and 2 claims were dismissed because the allegations were not corroborated by supporting information or data.

For the two confirmed violations, the disciplinary measures taken were proportionate to the seriousness of the case and comply with local legislation. In one case, due to misconduct in inventories processes, disciplinary action was taken against an employee while in the other case, the claim was related to services provided but not duly documented by our employees.

Commitment to fighting corruption

The Cementir Group is active in the fight against corruption. In its Code of Ethics, it expressly prohibits *'bribes, illegal favours, collusion, requests, directly and/or through third parties, for personal or career benefits for oneself or for others'*.

Since 2015 the company has stepped up its efforts to combat corruption through a written policy that defines roles, responsibilities, operating methods and behavioural rules. All Group companies, employees and everyone acting in the name and on behalf of subsidiaries must comply with this collection of behavioural rules in the performance of their responsibilities. Disciplinary measures, sanctions and other consequences also apply in the case of non-compliance with the policy.

The main objective of the policy is to provide a consistent approach to the fight against corruption throughout the Group, in order to ensure that companies operate according to Group values, so as to preserve the reputation of individual companies and ensure compliance with applicable laws.

A compliance programme on corruption laws and in particular the UK Bribery Act was established during 2016. As well as covering the anti-corruption policy, the programme also sets out a procedure regulating gifts and hospitality, an assessment of corruption risk, due diligence on third parties and on training and education plans. The programme was rolled out beginning with the subsidiaries in Turkey in 2016 and extended during 2017 to various group companies, including Aalborg Portland Anqing, Aalborg Portland Malaysia, Sinai White Cement and CCB. In 2018, the project was implemented in the Nordic and Baltic region.

Commitment in Human Rights

Respect for **human rights** is a basic tenant of Cementir's beliefs and is consistent with its values and goals to be a more economically, socially and environmentally sustainable Group. The Cementir Human Rights Policy aims at supporting and guiding the management and employees to achieve these goals.

Cementir endorses the principles set out in the Universal Declaration of Human Rights and the International Labour Organization (ILO) based on respect for the dignity of the individual without distinction of any kind.

Cementir's Human Rights Policy applies the founding principles of:

- The United Nations International Charter of Human Rights (UN):
  - Universal Declaration of Human Rights
  - International Convention on Civil and Political Rights
  - International Convention on Economic, Social and Cultural Rights
- The fundamental conventions of the International Labor Organization (ILO) – n. 29, 87, 98, 100, 105, 111, 138, 182 – and the declaration on Fundamental Principles and Rights at Work
- The UN Convention on the Rights of Children
- The ILO Conventions n.107 and n.169 on the Rights of Indigenous and Tribal Populations
- The European Convention on Human Rights

At Cementir Group we are committed to promoting an inclusive and positive work environment, where respecting Human Rights, promoting equal opportunities and supporting health and well-being are our priorities. Our human rights approach is also driven by a proactive stakeholder management engagement. Cementir promotes Human Rights within its business relationships and adherence to the same Human Rights standards by its contractors, suppliers and business partners.

In 2020 we designed and launched an online training course mainly focused on the principles described in the Cementir Human Rights Policy and further detailed in local Procedures. The first wave of training provided in English involves about 1.100 Group employees. As soon as the transposition into local languages is available, the participation will be extended to the rest of the population.

As part of Cementir's initiative to internally identify and mitigate any risks related to human rights, in 2019 the Internal Audit defined a human rights self-assessment checklist as part of the standard internal audit process.

In 2020, the human rights self-assessment checklist was performed by the Group legal entities and reviewed by the internal audit department, with a coverage of 79% of the Cementir workforce worldwide, involving the following countries: France, Belgium, Denmark, Norway, Turkey, United States, China, Malaysia, Italy and Poland.

Any alleged human rights violations can be reported through the whistleblowing system, in line with all other types of potential violations.

Cementir Holding Antitrust Program

The corporate culture and basic principles, to which the Group management attaches great importance and which have always characterised the development activities of the Company and of the Cementir Group in its entirety, are: the firm belief that a competitive market is a key value not only for customers but for the healthy growth of the Group business itself; the commitment to have people from all over the Group operate independently from competitors, relying only on their own skills and expertise, on coordination with the rest of the Group and on the high quality of the Group's products.

These values are spread by the affiliates in the various geographical areas where they operate, by adopting consistent, localised antitrust compliance programmes, directed to all employees and executives, informing them about the underlying values, the basic principles of competition law and the specific regulations applicable to their activities, also through specific training events on the subject.

The antitrust compliance programmes adopted locally focus on issuing specific policies, monitoring their application through regular audit procedures, to ensure constant adequacy and correct implementation, as well as on updating the programme itself, wherever necessary in order to take into account any regulatory and/or legal developments.

Under each competition compliance programme, all relevant actions and transactions of the company are monitored and their compliance with competition law requirements and practices duly scrutinised.

Distribution and sales contract templates are made available to the employees concerned and regular checks are made to ensure their constant alignment with competition rules and pricing policies.

Furthermore, specific courses are administered to newcomers, targeting those joining the sales department.

Relevant litigation

An administrative dispute is pending before the Court of Appeal in Turkey, brought by the Turkish company Cimentas AS, indirect subsidiary of Cementir Holding. The dispute relates to the order issued by the Turkish stock exchange's regulatory and supervisory body (Capital Market Board – CMB), requiring Cimentas AS to demand that the concerned Cementir Group companies pay back around 100 million Turkish lira (now equal to around 13 million euros) from hidden profit distribution, allegedly generated by an intragroup company sale in 2009. On 29 January 2017, CMB served a summons to Cementir Holding to appear before the Court of Izmir, requesting that the company be ordered to pay to Cimentas AS an amount provisionally set at approximately 1 million Turkish lira. The Company duly appeared in court, arguing the total lack of foundation of the plaintiff's argument and requested that the civil proceedings be suspended until the administrative proceeding is finally settled. With a ruling of 1 July 2020, the Court of Appeal in Turkey declared lack of jurisdiction in relation to the case in question. The judgement has been challenged before the Supreme Court. There is not any other litigation pending.

In waste, we see resources: we promote a circular economy

We ensure that waste and secondary products are turned into resources, adopting an increasingly integrated approach to cement production and establishing partnerships with other industry players and public authorities.

The depletion of resources is not just a risk for the supply of fuel for the production process, but also with respect to the use of non-renewable raw materials such as limestone, clay and aggregates used as input materials in cement production.
The Cementir Group is a pioneer in the use of raw materials and alternative fuels originating from urban and industrial waste and by-products, within the limits set by laws and technical regulations on the production of cement and ready-mixed concrete.

This circular economy approach allows resources to remain in use for longer periods, extracting maximum value from them. In addition, reuse and recycling contribute to environmental footprint reduction by helping to improve sustainability within the cement value chain.

Use of alternative fuels

The thermal energy produced at Cementir Group plants is generated by the combustion of fossil fuels (fuel oil, petroleum coke, coal and natural gas) and, in part, by alternative fuels.

The reduced consumption of non-renewable fossil fuels and the resulting increased use of alternative fuels is a primary aim for reducing environmental impact, particularly associated with emissions.

By 2030, the Group will increase the proportion of alternative fuels in the fuel mix to 77% for producing grey cement and 6% for white cement. For white cement, the demand for consistency of colour is much higher than with grey as varying shades of white or coloured surfaces are not acceptable. For this reason, the use of alternative fuels is drastically limited in the production of white cement.

The targets have been adjusted for each plant and mid-term targets has been defined for 2022, 2025 and 2030.

19% alternative fuel

Used for thermal energy production in place of non-renewable fossil fuels

9% alternative raw materials

Used in the mix for cement production

79,107 tons

Refuse-Derived Fuel (RDF) and Solid Recovered Fuel (SRF) generated by Group waste treatment facilities in 2020

In 2020, due to the lockdowns imposed by countries where the plants are located, the Group faced a situation where alternative fuels and alternative raw materials were temporarily unavailable; the outbreak also led to difficulties in sourcing alternative fuels and the need to reorganise the timing of related investments, therefore last year the replacement rate of fossil fuels slightly decreased compared to 2019.

However, given the transient nature of the health emergency, it is not believed that the negative effects will have repercussions on future targets, which are therefore maintained.

Almost 19% of the thermal energy needed in the cement production process is generated from alternative fuels. The goal is to reach 77% from alternative fuels in grey cement production and 6% in white cement production by 2030[5].

Fossil fuel replacement index	U.M.	2020	2019[6]	2018
% of fossil fuel replacement (white and grey combined)	%	19%	20%	20%
% of fossil fuel replacement (only grey cement)	%	28%	31%	29.1%
% of fossil fuel replacement (only white cement)	%	3%	3%	2.1%

[5] The quality requirements of white cement production make it difficult to use alternative fuels, as they affect the colour of the cement. For this reason, their use is drastically limited.
6 The 2019 data has been subject to reclassification in the energy consumption for white cement for a like-by-like reading

In 2020, clinker production increased of about 11% compared to 2019. Due to the Covid-19 lockdowns and the related difficulties in sourcing alternative fuels, the energy needed to produce this higher quantity of clinker came mainly from fossil fuels. For this reason, the absolute figures for fossil fuels increased by about 11% (31.1 million GJ in 2020 versus 27.8 million GJ in 2019), while the absolute figures for alternative fuels are in line with 2019. See the table below for details.

Fossil fuel consumption for cement production				
Type	Units	2020	2019[7]	2018
Coal	GJ	5,682,239	7,371,459	6,879,121
Petroleum coke	GJ	20,152,510	17,955,038	19,192,152
Fuel oil	GJ	368,464	320,529	372,176
Lignite	GJ	3,074,765	352,409	441,457
Gas oil	GJ	0	108,179	100,617
LPG	GJ	194	814	1,020
Natural gas	GJ	1,789,485	1,757,651	1,626,930
District heating	GJ	26,386	8,110	15,408
Total	**GJ**	**31,094,042**	**27,874,189**	**28,628,882**
Fossil Fuel per Clinker produced	**GJ / ton clinker**	**3.6**	**3.6**	**Not reported**

2020 - Fossil fuel consumption for white and grey cement production					
Type	Units	White	Grey	White[8]	Grey
		2020	2020	2019	2019
Coal	GJ	0	5,682,239	14,369	7,357,090
Petroleum coke	GJ	11,956,158	8,196,352	11,747,268	6,207,771
Fuel oil	GJ	160,914	207,550	124,472	196,057
Lignite	GJ	0	3,074,765	0	352,409
Gas oil	GJ	0	0	64,037	44,142
LPG	GJ	0	194	814	0
Natural gas	GJ	1,789,485	0	1,757,651	0
District heating	GJ		26,386	0	8,110
Total	**GJ**	**13,906,557**	**17,187,485**	**13,708,610**	**14,165,579**

Alternative fuel consumption for cement production				
Type	Units	2020	2019	2018
Used oil	GJ	161,074	248,053	200,492
Rubbers and plastics	GJ	58,364	58,677	40,031
Tyres	GJ	673,873	431,120	223,916
Paper/cardboard/wood	GJ	133,327	158,010	181,574
Meat and bone meal	GJ	1,187,248	1,109,985	998,137
Dry sewage sludge	GJ	41,672	52,319	123,057
RDF and SRF	GJ	4,787,849	4,608,513	5,132,148
Sunflower oil	GJ	41,856	89,395	76,977
Other alternative fuels	GJ	110,799	60,336	162,360
Total	**GJ**	**7,196,062**	**6,816,410**	**7,138,692**
Alternative Fuel per Clinker produced	**GJ / ton clinker**	**0.85**	**0.89**	

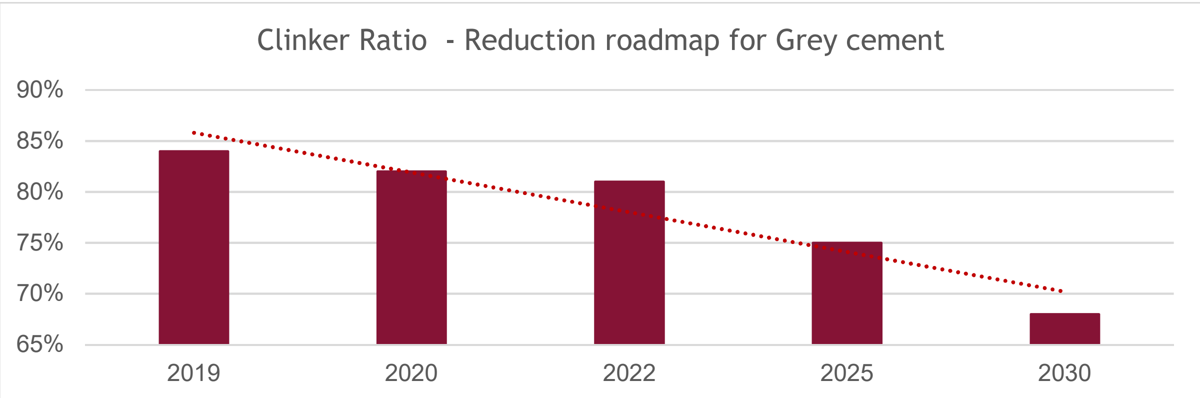
[7] The 2019 data has been subject to reclassification in the energy consumption for white cement for a like-by-like reading
[8] The 2019 data has been subject to reclassification in the energy consumption for white cement for a like-by-like reading

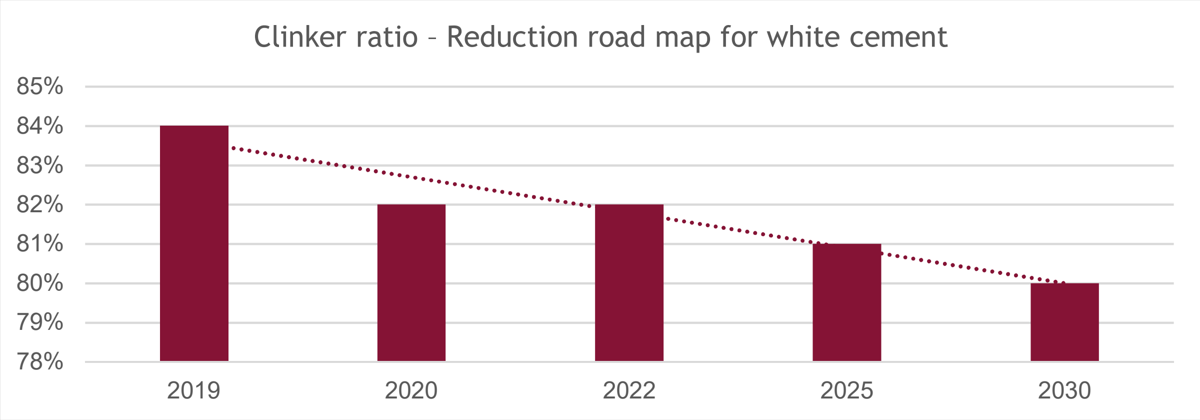
2020 Alternative fuel consumption for white and grey cement production					
Type	Units	White 2020	Grey 2020	White 2019	Grey 2019
Used oil	GJ	0	161,074	0	248,053
Rubbers and plastics	GJ	0	58,364	0	58,677
Tyres	GJ	0	673,873	0	431,120
Paper/cardboard/wood	GJ	0	133,327	0	158,010
Meat and bone meal	GJ	388,854	798,394	325,911	784,074
Dry sewage sludge	GJ	0	41,672	0	52,319
RDF and SRF	GJ	0	4,787,849	0	4,608,513
Sunflower oil	GJ	0	41,856	0	89,395
Other alternative fuels	GJ	0	110,799	30,990	29,346
Total	**GJ**	**388,854**	**6,807,208**	**356,901**	**6,459,507**

Alternative raw materials

Cement production requires large quantities of natural raw materials, such as limestone, clay and gypsum, extracted from natural quarries using various methods. These are initially mixed to produce the meal from which the clinker is made, and subsequently added to the clinker and milled to obtain different types of cement. The Cementir Group is particularly focused on the environmental aspects associated with its operations, with the aim of limiting their impact on ecosystems and on the areas concerned. In this sense, it continues its commitment to reduce the use of non-renewable raw materials, promoting the use of alternative raw materials, so called because they do not originate from quarries but from other production processes.

The Group has set the target for lowering its clinker/cement ratio to 68% for grey cement and 80% for white cement. This objective is also attained by substituting clinker with alternative raw materials.





In 2020, the cement production plants of the Cementir Group used a total of about 16 million tons of materials to produce cement. The same year, **about the 9% of raw materials used were recycled,** including fly ash, blast-furnace slag and other additives derived from the quarrying activities at the CCB plant in Belgium.

During 2020, the Covid-19 lockdowns in countries where the Group operates led to difficulties in sourcing alternative raw materials, for this reason the percentage of alternative raw materials decreased to 9% versus 11.8% in 2019.

Raw materials used in cement production	UM	2020	2019	2018
Non-renewable raw materials	t	15,148,632	13,357,195	13,979,467
Renewable raw materials	t	1,563,285	1,576,012	1,654,361
Total	**t**	**16,711,917**	**14,933,207**	**15,633,828**
Renewable raw materials as a percentage of total raw materials used	%	90.65%	11.80%	11.80%

Non-renewable raw materials used in cement production	UM	2020	2019	2018
Limestone	t	12,103,107	11,190,862	11,525,227
Clay	t	1,063,405	890,370	1,033,118
Gypsum	t	324,515	324,297	345,84
Marl	t	498,706	414,799	531,685
Sand	t	299,973	272,549	263,986
Pozzolana	t	191,107	132,696	153,774
Admixtures	t	44,977	16,106	15,9
Auxiliaries	t	3	895	847
Stone	t	0	30,477	-
Calcium fluoride	t	36,431	10,671	19,735
Bauxite	t	5,916	11.012	18,774
Iron ore	t	75,768	19,223	40,072
Other residual materials	t	504,725	43,228	30,509
Total	**t**	**15,148,632**	**13,357,195**	**13,979,467**

Renewable materials used in cement production	UM	2020	2019	2018
Fly ash	t	320,633	365,428	507,406
FGD gypsum	t	89,823	106,642	86,967
Iron oxide	t	24,715	104,302	120,847
Blast-furnace slag	t	230,862	239,079	267,360
Recovered limestone	t	164,929	267,110	187,289
Excavated stone (clay replacement)	t	189,230	163,351	195,186
Other materials	t	543,093	330,100	289,307
Total	**t**	**1,563,285**	**1,576,012**	**1,654,362**

In 2020, Cementir Group plants producing ready-mixed concrete used a total of 9.6 million tons of raw materials, mainly rocks and sand. The variation is mainly linked to the increase in total production of concrete recorded in 2020, compared to 2019.

Raw materials used in the production of ready-mixed concrete	UM	2020	2019	2018
Non-renewable raw materials	t	9,501,881	8,726,530	10,095,137
Renewable raw materials	t	105,969	113,418	152,347
Total	**t**	**9,607,850**	**8,839,948**	**10,247,484**
Renewable raw materials as a percentage of total raw materials used	**%**	**1%**	**1%**	**2%**

Non-renewable raw materials used in the production of ready-mixed concrete	UM	2020	2019	2018
Limestone	t	0	3,452	-
Sand	t	3,020,365	3,090,992	3,177,730
Admixtures	t	15,832	25,873	18,330
Auxiliaries	t	7	-	1,625
Cement	t	1,326,955	1,240,087	1,440,518
Stones	t	5,135,275	4,363,130	5,456,935
Clay	t	0	-	-
Aggregates	t	0	-	-
Steel fibre	t	2,875	2,696	-
Basalt fibre	t	0	4	-
Plastic macro fibre	t	178	211	-
Colour pigment	t	142	85	-
Other materials	t	252	0	0
Total	**t**	**9,501,881**	**8,726,530**	**10,095,138**

Renewable materials used in the production of ready-mixed concrete	UM	2020	2019	2018
Fly ash	t	95,010	100,665	140,970
Microsilica	t	10,819	12,754	11,377
Blast-furnace slag	t	140	0	0
Total	**t**	**105,969**	**113,418**	**152,347**

Finally, there are the raw materials used for the Group's other production activities (mainly the manufacturing of prefabricated products and aggregates). Consumption of raw materials and materials is far lower than in the rest of the business (almost 80,000 tons) and there are no activities involving the use of recycled materials.

Non-renewable raw materials used in other production activities	UM	2020	2019[9]	2018
Limestone	t	0	0	0
Sand	t	39,700	56,576	83,973
Auxiliaries and admixtures	t	140	67	56
Cement	t	12,434	12,571	12,317
Rocks	t	25,902	25,375	23,778
Steel	t	2,204	1,965	1,708
Total	**t**	**80,380**	**96,554**	**121,832**

[9] 2019 and 2018 data has been subject to a restatement for a reclassification of materials used by aggregate business

Managing quarrying activities

The first step in cement production, the extraction of raw materials, inevitably impacts on the surrounding natural and social environment. In particular, the removal of soil and changes in topography of the area are likely to affect local ecosystems and watersheds. However, these impacts can be successfully addressed and mitigated through the development and implementation of an effective quarry rehabilitation plan. In some cases, the effective implementation of a well-designed rehabilitation plan can result in significant environmental and social benefits.

In Cementir, 95% of quarries have a rehabilitation plan in place.

According to long-term sourcing needs, we carefully plan and design our quarries considering international best practices and complying with national and local mining/environmental legislations. Safety; inevitable but temporary impacts on the environment, flora, fauna and sometimes on water resources; social interaction and impacts; all risk and impact mitigation activities and land use plans after quarry operations are ended are carefully studied and planned before deciding to acquire and open any new quarry.

We therefore aim to minimise or eliminate any potential negative impacts that may occur as a result of quarrying activities and work to enhance potential positive impacts wherever possible.

We link and prioritize three of UN Sustainable Development Goals with our quarry activities as:

- The use of digital tools in mining activities to increase efficiency, optimise resources and minimise waste generation and extract only worthwhile materials of a suitable grade and volume in an economical way.
- The use of alternative raw materials that may have positive impact on CO_2 emissions (i.e. fly ash) and reduce quarry exploitation.
- The reuse of materials from other industries.

<u>Mussel shells reused by Aalborg</u>

At the Aalborg plant, mussel shells from a local food processing plant are used as a recycled waste product in the chalk pit. After unloading, the mussel shells are spread over the working area of the quarry to provide a support surface for the large deep-excavator and belt conveyor. The shells ensure stable operation particularly in wet and frosty weather. The shells are removed along with the excavated chalk and recycled in cement production.

<u>Clay from civil works in Izmir</u>

In 2018-2020, only 7% of the clay used by the Izmir plant was extracted from the quarry, with the remaining 93% replaced by recycled clay coming from civil works performed in Izmir province. Such recycling of excavation materials delivers significant benefits for the land and positive economical contributions to public institution as it helps eliminate or reduce the use of such materials that normally have to be transported for long distances and dumped to backfilling sites.

- The development of quarry rehabilitation, reclamation and biodiversity action plans by identifying the goals and timetable, with consideration for integrating quarries back into the surrounding landscape or according to future land usage purposes.

Chalk pit to family park in Aalborg

Aalborg Portland covers an area of 1,200 hectares, 188 of which are used for cement production. The remaining 1,012 hectares consist of lakes, woods, meadows, salt marshes, fallow land and farmland.
The concept of the chalk pit rehabilitation plan is to develop the chalk pit as a family park, which will offer the local population a variety of leisure and sporting activities close to the city. The plan is for the lake to be used for sailing, water-skiing, diving and bathing, while the surrounding area provides amenities for hang-gliding, mountain-biking, jogging, walking and similar pursuits. The basic principle of the rehabilitation plan is to create a scenic space with steep, exposed slopes, soft green hills and opportunities for walking and leisure.
Creation of banks and terraces, in specific areas of the chalk pit, has already begun while mineral extraction activities are ongoing at a safe distance on the other side of the pit.

Green Quarry Project, China

Aalborg Portland Anqing plant's limestone quarry has been included in the Anhui Province 2018-2025 Green Mine Plans.
The project aims to rehabilitate and reintegrate the finished production benches of the quarry into the surrounding landscape as well as creating dust and noise monitoring systems and the construction of new surface water drainage system in and around the quarry site.
The first phase of the Green Quarry Project began in April 2020 and following activities have already been completed successfully:

LIFE in Quarries project - Belgium

Started in 2015 in Belgium, the *LIFE in Quarries* project was co-funded by the European Commission, the Walloon Region (Belgium) and the Belgian extractive sector.
The objective of the project, which will come to term in 2021, is to develop, optimise and protect the hosting potential for biodiversity in active extractives sites in Belgium.

To do so, the project is based on an innovative concept of dynamic biodiversity management. Our idea is to create and preserve a network of temporary habitats across the quarry during its exploitation phase and after, in order to ensure that suitable habitats are constantly available for the numerous rare and endangered species of high ecological value. Those pioneer species need very particular types of environments such as cliffs, rocky or sandy surfaces, rockslides, temporary bodies of water, chalk grasslands or sparse meadows that quarries generate.
This is why two types of actions are carried out in the *LIFE in Quarries* project.
The first type of action is dedicated to 'temporary nature' such as the creation of pioneer ponds, pioneer grasslands for insects and pioneer plants or the installation of stony shelters for reptiles and amphibians.

In addition, the project includes numerous actions concerning 'permanent nature' such as eco-grazing by hardy species of sheep, the installation of floating platforms for marine birds on permanent bodies of water, the securing of bat galleries, the restauration and management of grasslands or, a point of pride for the project, our annual translocation campaign for the natter jack toad and the crested newt, two endangered species of amphibians.

Indeed, the geographic isolation of quarries can be a limiting factor for the recolonization of small wildlife, typical of pioneer environments. In order to benefit from the welcoming environment, for the second year, a large number of northern crested newt eggs have been released in our Clypot quarry.
But the keystone of the *LIFE in Quarries* project remains in the fruitful collaboration between different sectors (private, government, European, scientific, an NGO and a natural park) which provide many species such as the natter jack toad, the sand martins, the crested newts, the wall lizards, the Eurasian eagle-owl, the smooth snake and many others. Thanks to such a collaboration, we guarantee a peaceful and brighter future in our active quarries.

Waste produced

The cement production process does not in itself generate waste; the quantities of waste produced in the plants can be attributed to secondary activities, such as maintenance, warehouse and office activities, which generate waste in the same way as any production plant. Management of waste produced in Cementir Group plants is governed by the regulations in force in the countries where the Group operates, favouring the reuse and recovery of materials.

In 2020, the waste produced by cement and ready-mix production decreased compared to 2019. In the other activities (aggregates and concrete prefabricate) the increase is mainly due to non-hazardous materials, stored by the plants and then delivered to recycling.

Waste generated by cement production by destination	Unit	2020	2019	2018
Non-hazardous waste				
Recycling	t	250,465	112,017	128,312
Incineration	t	170	406	703
Landfill	t	12,314	24,611	73,895
Total non-hazardous waste	**t**	**262,948**	**137,034**	**202,910**
Hazardous waste				
Recycling	t	358	253	277
Incineration	t	46	51	59
Landfill	t	0	211,375	57
Oils and chemical waste	t	86	97	86
Total hazardous waste	**t**	**490**	**211,777**	**479**
Total waste	**t**	**263,438**	**348,811**	**203,388**

Waste generated by ready-mixed concrete production by destination	Unit	2020	2019	2018
Non-hazardous				
Recycling	t	165,445	317,755	199,471
Incineration	t	243	328	297
Landfill	t	65,611	47,466	67,681
Total non-hazardous waste	**t**	**231,299**	**365,549**	**267,448**
Hazardous waste				
Recycling	t	6	4	15
Incineration	t	4	1	2
Landfill	t	0	2	1
Oils and chemical waste	t	103	120	100
Total hazardous waste	**t**	**113**	**126**	**118**
Total waste	**t**	**231,413**	**365,675**	**267,566**

Waste generated by other activities by destination	Unit	2020	2019	2018
Non-hazardous				
Recycling	t	2,061	38.1	7
Incineration	t	31	34.7	21
Landfill	t	0	60.0	-
Total non-hazardous waste	**t**	**2,092**	**132.8**	**28**
Hazardous				
Recycling	t	10	3.8	4
Incineration	t	5	9.3	5
Landfill	t	0	-	-
Oils and chemical waste	t	107	128.4	159
Total hazardous waste	**t**	**121**	**141.5**	**168**
Total waste	**t**	**2,213**	**274.4**	**196**

We respect the environment in all our operations

We adopt all necessary measures and the most innovative technological solutions to minimise the impact of our business on the environment.

The cement production process is associated with environmental impacts in terms of atmospheric emissions, mainly carbon dioxide, dust, and nitrogen and sulphur oxides. Most climate experts agree that the world must take urgent action to cut CO_2 emissions and we cannot deny that cement manufacturing is a process that makes intensive use of thermal energy, releasing both direct and indirect CO_2 emissions into the atmosphere. The direct emissions (or Scope 1) are related to the calcination of limestone which, when heated in the kiln at high temperatures, converts to quick lime and releases CO_2. The indirect emissions (or Scope 2) are related to the electricity used in the cement grindings mills.

Cementir wants to address environmental and climate change issues by reducing CO_2 emissions, energy consumption, water withdrawal and preserve natural habitats and their biodiversity in areas surrounding our sites.
The Group analyses the environmental risks of its operations, involving management to ensure compliance with current regulations, best environmental standards and Best Available Techniques (BAT).
Cementir has committed to all companies active in the cement and concrete production operating with a certified environmental management system (i.e. ISO 14001).
As of 2020, 8 cement plants (accounting for the 93% of total cement production), 2 RMC companies (accounting for 25% of total RMC production) and 3 waste management companies (accounting for 100% of waste managed by the group) have adopted a UNI EN ISO 14001 certified management system.

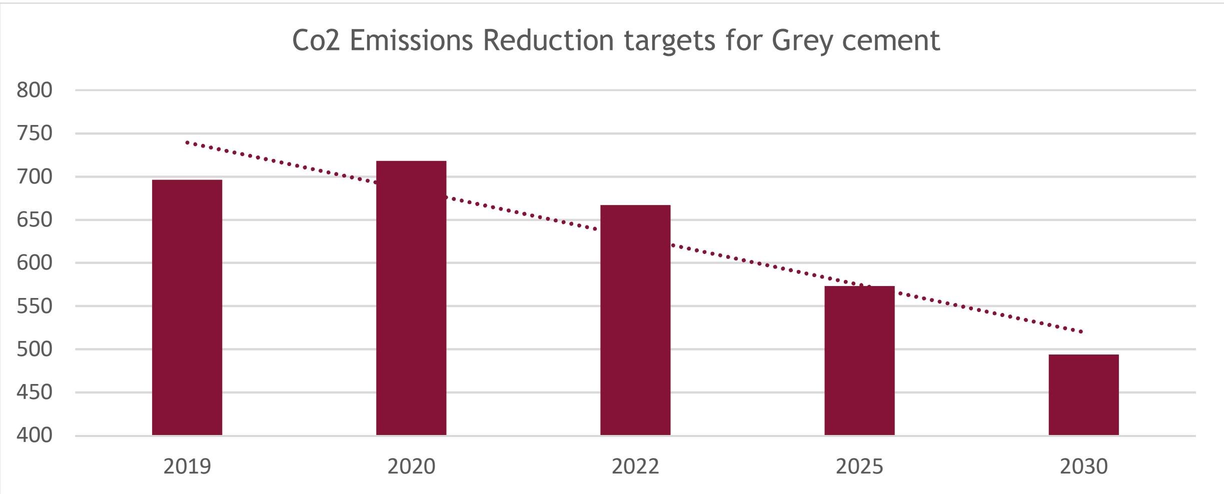
In 2020, Cementir was awarded a ‘B’ rating from Carbon Disclosure Project (CDP), recognising its actions in favour of climate change mitigation and its significant commitment to a low-carbon economy. This result places Cementir among the top players in the cement industry and much better than the average company, given that the average CDP European and Global rating is a ‘C’.

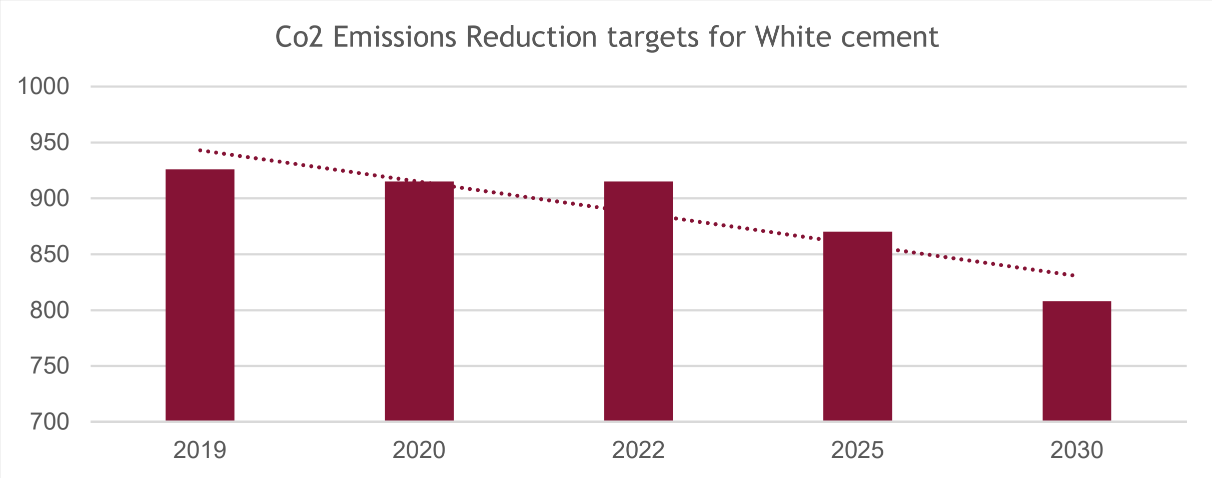
CO_2 emissions

In 2020, total CO_2 equivalent emissions (direct and indirect) from the production of cement amounted to about 8.4 million tons and about 93% of these were direct emissions (Scope 1).

CO_2 emissions - Cement production	Unit	2020	2019	2018
CO_2 eq. emissions (Scope 1)	t	7,941,401	7,099,110	7,435,268
CO_2 eq. emissions (Scope 2)	t	556,014	607,028	644,250
Total CO_2 eq. emissions	t	8,497,416	7,706,138	8,079,518
CO_2 emissions Scope 1 - Grey cement	kg CO_2/TCE	718	696	
CO_2 emissions Scope 1 - White cement	kg CO_2/TCE	915	926	

In 2020, due to the lockdowns imposed by countries where the plants are located, the Group faced a situation where alternative fuels and alternative raw materials were temporarily unavailable and was forced to reschedule the timing of investments with a negative effect on CO_2 emissions per ton of cement.
By 2030, Cementir's plan is to reduce its Scope 1 carbon intensity to **less than 500 kg CO_2 per ton of grey cement** produced (which translates into a planned 30% reduction of CO_2 emissions per ton of cement by 2030, compared to 1990).
For white cement, which is a specialty product with niche applications and markets (0.5% of total worldwide cement production), the plan is to reduce its Scope 1 carbon intensity to **800 kg CO_2 per ton of white cement** produced (35% reduction of CO_2 emissions per ton of cement by 2030, compared to 1990). This target is lower than the ETS benchmark for white cement (928 kg CO_2 per ton of cement, equal to the EU ETS benchmark for the clinker, 957 kg CO_2/t clinker, multiplied by the clinker to cement ratio of 0.97).





For the other activities performed by the Group, ready-mix concrete, production of aggregates, production of concrete prefabricated products and waste collection and treatment, the CO_2 equivalent emissions are significantly lower. The data is presented in the table below.

CO_2 emissions - Other activities	Unit	2020	2019	2018
CO_2 eq. emissions (Scope 1)	t	35,831	62,740	57,771
CO_2 eq. emissions (Scope 2)	t	16,213	23,086	24,669
Total CO_2 eq. emissions	t	52,044	85,826	82,440

Energy consumption

Cement production requires considerable levels of energy consumption in its various processes because of the high temperatures that must be reached in the kiln (1500°C), the electricity required to grind the product and the quantity of material used.

Thermal energy is used in the start-up and operation of the kilns and the operation of the burners or boilers required to increase production efficiency and optimise the production process (for example, to dry raw materials and fuels). Electricity, on the other hand, is mainly used to operate the mills that grind the raw materials, clinker and fuels.

The intensity coefficients for the environmental performance indicators are calculated using Total Cement Equivalent (TCE), an indicator linked to the plant's production of clinker, based on the production of clinker and on the plant's average clinker-to-cement ratio. This choice was made because the production of clinker, the main constituent of cements, is the phase of production where the environmental impacts are greatest.

In 2020, the cement production plants used 38 million GJ of thermal energy and 4.5 million GJ of electricity. The energy index, equal to 3.97 GJ/TCE decreased slightly compared to 2019. Last year the index was 4.02.

Energy consumed to produce cement				
Type	**Unit**	**2020**	**2019[10]**	**2018**
Thermal energy	GJ	38,290,104	34,690,599	35,767,574
of which: from alternative fuel	GJ	7,196,062	6,816,410	7,138,691
Thermal energy sold	GJ	-1,787,593	-1,521,827	-1,185,306
Electricity	GJ	4,560,025	4,278,324	4,323,044
Total energy	**GJ**	**41,062,536**	**37,447,096**	**38,905,312**
Thermal energy per t of Total Cement Equivalent	GJ/TCE	3.71	3.72	3.52
Thermal energy produced by alternative sources per t of Total Cement Equivalent	GJ/TCE	0.70	0.73	0.73
Electricity per t of Total Cement Equivalent	GJ/TCE	0.44	0.46	0.44
Total energy per t of Total Cement Equivalent	GJ/TCE	3.97	4.02	3.96

Energy consumed for white and grey cement production[11]					
Type	**Unit**	**White**	**Grey**	**White**	**Grey**
		2020	**2020**	**2019**	**2019**
Thermal energy	GJ	14,295,411	23,994,693	14,065,511	20,625,088
of which: from alternative fuel	GJ	388,854	6,807,208	356,901	6,459,509
Thermal energy sold	GJ	-1,787,593	0	-1,521,827	0
Electricity	GJ	1,293,361	3,266,664	1,280,579	2,997,744
Total energy	**GJ**	**13,801,179**	**27,261,357**	**13,824,264**	**23,622,832**
Thermal energy per t of Total Cement Equivalent	GJ/TCE	5.36	3.13	5.29	3.09
Thermal energy produced by alternative sources per t of Total Cement Equivalent	GJ/TCE	0.15	0.89	0.13	0.97
Electricity per t of Total Cement Equivalent	GJ/TCE	0.49	0.43	0.48	0.45
Total energy per t of Total Cement Equivalent	GJ/TCE	5.18	3.56	5.20	3.54

[10] The 2019 data has been subject to reclassification in the energy consumption for white cement for a like-by-like reading
[11] The 2019 data has been subject to reclassification in the energy consumption for white cement for a like-by-like reading

The Aalborg production plant has a system for recovering heat from combustion gases used. The thermal energy recovered from the system is used to supply the district heating network of the city of Aalborg, meeting the annual heating requirements of about 36,000 households which will rise to 50,000 in the near future, covering about half of its urban population.

In 2020, seven cement plants, accounting for the 76% of the total cement production, adopted the EN ISO 50001 certification for energy management systems, in line with our goal of increasing the level of energy efficiency.

Cementir has committed to all companies active in the cement production, concrete production and waste management sectors operating with a certified energy management system (i.e. ISO 50001).

The other production activities of the Group have far lower energy requirement than cement plants.

In 2020, the ready-mixed concrete production plants used about 97,000 GJ of electricity and 272,000 GJ of thermal energy. The energy intensity index for these plants was calculated using tons of concrete produced during the year as the denominator.

Energy consumed to produce ready-mixed concrete				
Type	Unit	2020	2019	2018
Thermal energy	GJ	272,752	284,705	292,341
Electricity	GJ	97,292	69,983	77,729
Total energy	**GJ**	**370,044**	**354,688**	**370,070**
Thermal energy per t of ready-mixed concrete	GJ/t	0.03	0.03	0.03
Electricity per t of ready-mixed concrete	GJ/t	0.01	0.01	0.009
Total energy per t of ready-mixed concrete	**GJ/t**	**0.04**	**0.03**	**0.04**

For other activities such as the production of aggregates and cement manufacture, the Group used about 128,000 GJ of electricity and 217,000 GJ of thermal energy.

Energy usage of other activities				
Type	**Unit**	**2020**	**2019**	**2018**
Thermal energy	GJ	217,755	207,513	205,620
Electricity	GJ	128,430	60,629	65,538
Total energy	**GJ**	**346,185**	**268,142**	**271,158**
Thermal energy per t of product made	GJ/t	0.01	0.01	0.02
Electricity per t of product made	GJ/t	0.01	0.01	0.01
Total energy per t of product made	**GJ/t**	**0.02**	**0.02**	**0.03**

Energy consumption in the **waste management sector** has decreased compared to 2019 due to the sale of fixed equipment owned by Hereko.

Energy used in the waste management sector				
Type	**Unit**	**2020**	**2019**	**2018**
Thermal energy	GJ	14,096	20,991	19,533
Electricity	GJ	19,797	29,438	30,492
Total energy	**GJ**	**33,893**	**50,429**	**50,025**
Thermal energy per t of waste collected	GJ/t	0.05	0.05	0.05
Electricity per t of waste collected	GJ/t	0.08	0.07	0.08
Total energy per t of waste collected	**GJ/t**	**0.13**	**0.12**	**0.13**

Other air emissions

The environmental impact of cement production also involves other air emissions, mainly sulphur oxides (SOx) and nitrogen oxides (NOx). These are associated with combustion in the firing of raw meal that is obtained from processing raw materials and from dust that is generated when grinding the clinker with gypsum and other ingredients to produce cement. Emissions are monitored through continuous monitoring systems or through spot measurements, in accordance with local regulations and according to the characteristics of the plants. The monitored data is periodically communicated to the competent authorities, which verify compliance of the plants with the limits.

NOx, SOx and dust are continuously monitored in all cement plants while other air emissions such as CO, VOC and HCl are periodical measured.

In 2020, NOx emissions from Cementir Group plants amounted to 11,859 tons, with an emissions index per ton of cement (kg/TCE) of 1.15, while SO2 emissions originating from sulphur in the fuels and raw materials used in Group plants amounted to 2,032 tons, with an emissions index per ton of cement (g/TCE) of 197. The dust emissions reached 680 tons with a dust emissions index per ton of cement (g/TCE) of 66.

Below the recap.

Air emissions for cement production	Unit	2020	2019	2018
NOx	Ton	11,859	9,598	9,119
SOx	Ton	2,032	1,431	1,427
Dust	Ton	680	348	439

Coefficients of emissions cement production	Unit	2020	2019	2018
NOx	kg/TCE	1.15	0.98	0.93
SOx	gr/TCE	197	146	145
Dust	gr/TCE	66	35	45

Coverage of emissions[12]	2020	2019
NOx: Percentage of production with NOx continuous measurement	100%	96%
SOx: Percentage of production with SO_2 continuous measurement	100%	96%
Dust: Percentage of production with dust measurement	100%	96%

Water consumption

The cement and concrete production processes do not have a high impact on water resources. In dry cement production processes, water is used principally to cool the systems and for conditioning the kiln gases; in wet and semi-wet production processes however, the specific consumption of water resources is higher as the water is vaporised during the production process. The water discharge is not significant in quantity or in pollutant concentration.
We monitor water withdrawal on a monthly basis at plant level, with data being consolidated at Group level by the Sustainability department.

In 2020, total water withdrawal decreased by 5%. The data is presented in the table below.

Water withdrawals Cement production	Unit	2020	2019	2018
Surface water	m3	716,207	541,169	605,628
Ground water	m3	4,521,234	4,900,899	4,366,530
Rain water	m3	583,479	717,163	693,603
Public aqueduct	m3	92,889	309,772	288,155
Other sources	m3	2,714,976	2,602,775	2,602,211
Total	**m3**	**8,628,786**	**9,071,778**	**8,556,127**

Over the years, Cementir Group plants have adopted some technical solutions in order to reuse or use water resources more efficiently. In 2020, the percentage of reused water reached 40% of the total.

[12] Percentage of clinker produced by kilns with continuous measurement of NO_x, SO_x and dust

Water withdrawals Cement production	Unit	2020	2019[13]	2018
Volume of reused water	m3	3,428,782	3,100,141	2,576,684
% of reused water	%	40%	34%	30%

In 2020, a comprehensive water risk assessment was again carried out for all cement plant using the WRI Aqueduct Global Water Tool. The addresses of each plant are entered into the tool and potential water risks were assessed based on the impacts of several indicators such as water stress, drought severity or seasonal changes. A high water stressed area is defined as having a baseline water stress greater than 40%. The baseline water stress measures the current level of water demanded in a local area against the average available blue water. In 2020, 31 % of our total water withdrawal was sourced from plants located in water stressed areas.

Cement in water Stressed Area	Unit	2020	2019	2018
Total Water	%	31%		

In the production of ready-mixed concrete, water is one of the most significant resources in the production process as it represents an input resource. In 2020, the water withdrawal were in line with the 2019 data. The data is presented in the tables below.

Water withdrawals Ready-mixed concrete production	Unit	2020	2019	2018
Surface water	m3	47,800	67,272	37,683
Ground water	m3	293,852	238,633	563,235
Rainwater	m3	99,620	110,210	84,458
Public aqueduct	m3	245,419	340,350	361,758
Others	m3	93,213	0	0
Total	**m3**	**779,904**	**756,465**	**1,047,134**

Water reuse Ready-mixed concrete production	Unit	2020	2019	2018
Volume of reused water	m3	127,617	60,915	85,246
% of reused water	**%**	**16%**	**8%**	**8%**

In 2020, a comprehensive water risk assessment was also carried out for the concrete business using the WRI Aqueduct Global Water Tool. The analysis was conducted using the Aqueduct Country Rankings for each country where the concrete plants are located. In 2020, 45% of our total water withdrawal was by plants located in countries with a high water stressed areas.

[13] the 2019 data relating to the Asian plants has been subject to reclassification for a like-by-like reading.

Concrete in water Stressed Area	Unit	2020	2019	2018
Total Water	%	45%		

In the Group's other activities, water consumption is less relevant, as it is not linked to production processes.

We value our people

We attract and value talent and ensure a safe and stimulating work environment for our people, who are our most important resource.

Risk analysis and policies adopted

The Cementir Group continues to consolidate the facilities that operate in 18 countries and on 5 continents, with the aim of increasing human resources integration and strengthening the organisational platform. The current market landscape and the increasingly global context in which the Cementir Group operates demands timely, targeted decisions to respond to the various organisational, remuneration, development, labour law and trade union requirements. The Cementir Group identified a specific risk related to people management, namely the loss of knowledge and professional skills that leads to a discontinuity in work. To monitor this risk, Cementir Group is evaluating the adoption of a specific KPI and targets.

In 2020, the Group continued the growth plan of its organisational strategy, launched in recent years, in order to make its structure more robust, achieve targets set in the 2020-2022 Business Plan and to respond more effectively to market trends and corporate changes. In particular, we have secured several key processes by adopting or reviewing policies and procedures (e.g. Group Human Rights, Group Recruitment and Selection Policy, Group Occupational Health and Safety Policy, Group Treasury Policy) and we developed some corporate and local organisational structures (Technical, Sales and Supply Chain).

Furthermore, we continued our commitment to the European Works Council to strengthen our relationship by organising a dedicated summit aimed at also sharing preventive and corrective measures against Covid-19 that have been adopted by individual legal entities in compliance with local regulations.

We continued to work on the Cementir 4.0 programme in order to improve our operational efficiency in Technical and Supply Chain organisations in two pilot plants, Gaurain and Aalborg. Moreover, we started planning and designing the expansion of the Cementir 4.0 programme in another country: the four cement plants in Turkey.

The Group carried on strengthening the Holding, further developing the professional families model and enhancing integration and synergy between the different Group structures. The integration and management process was carried forward by the Group Chief Operating Officer (COO) supported by the Corporate Human Resources department. The COO is responsible for the main business operating levers reporting directly to the Group's CEO, who performs a more strategic role.

During 2020, we continued the digitalisation journey of core HR processes at Group level, with the implementation of the Human Capital Management system based on SAP technology. This system will improve the efficiency of HR processes and enable HR data analytics.

Group People Survey

Cementir Group's HR Strategy as the enabler of our Group's Business Strategy is focused on three main pillars: Group Integration and Identity, Organisational Effectiveness and Agility, and People Development and Engagement.

In line with its Group HR Strategy, the Cementir Group launched its first Global People Survey, 'Your Voice', in 2019. This survey was aimed at all Cementir Employees working in offices and in production environments. The comprehensive communication strategy deployed, together with the ownership of the management teams, engaged our employees in the initiative with an overall participation rate of 83%.

The results were communicated back to the whole organisation, analysed and discussed within the Action Teams, with the voluntary participation of our employees across the organisation.

Global, Regional and BU level actions plans have been defined and approved by the Global Senior Management Team, to be executed in 2020-2021. However, in 2020 on average 50% of the defined actions have been implemented as Covid-19 slowed down and sometimes prevented the execution of the engagement survey actions. Management's priority during the Covid-19 pandemic has always been the health, safety and well-being of our employees at all company sites.

Talent Review and Succession plans for Group key positions

In 2020, a Group Talent Review was conducted with the aim of obtaining an overview on the quality of the Group Management Team in terms of performance trend and potential/readiness to step up into higher or more complex roles. The process also allowed us to identify a pool of emerging talents with good performance and potential to succeed in leadership/coordination roles and to be earmarked as mid- and long-term successors.

Work on the Group Succession Planning process for critical positions continued to build a strong leadership bench. The list of critical positions has been reviewed and enlarged according to the Industrial Plan and the main strategic goals. A further measurement of the results obtained by mapping internal successors highlighted the improvement of some KPIs with a mitigation of the potential risk of business discontinuity and led to some personnel development decisions (e.g. Group leadership development programmes, changes in management and international mobility programmes).

Talent Acquisition

Concerning talent acquisition and assessment processes, we have delivered a Group Approval Policy in order to clarify roles and responsibilities and to ensure effective stakeholders' management.

The adoption of online assessment tools and structured interview processes, as well as the consolidation of a strong partnership between corporate and local HRs, enabled the company to reach expected targets in terms of hire quality and employee engagement.

People evaluation and development

The OSTA (Organisation and Skills Team Assessment) was extended gradually to the main cement plants with a twofold objective:

- Detecting deviations and aligning local organisational structures to the Group standard model.
- Evaluating people's technical skills, role-related competencies, individual engagement and retention risk in order to identify strengths and areas for improvement, and to draw up specific action plans.

The OSTA framework (mapping of roles, job-related technical skills at the expected levels and core competencies) was extended to the rest of the professional families, to gather all relevant data with a view to incorporating this process into the new Group Performance Management System.

In 2020, we finalised the design of a Group Performance Management System for all office workers to be launched within the Group by the end of 2020. This will enable us to monitor and align employees' objectives, skills, competencies and development plans with our Group strategic objectives. The design was driven by the intention to develop a new way of looking at performance evaluation not only as a tool for aligning people with business strategy but also as a process that can stimulate constant development of organisational and people skills as well as competencies.

In 2020, the performance feedback activity has been delayed by the COVID-19. Staff and managers have been regularly away work from home and close contact with colleagues were discouraged. For this reason, the percentage of employees that received regular performance is slightly decrease for manager, white collar and blue collar.

Employees who receive regular performance reviews	2020			2019			2018		
	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Executives	92%	100%	**93%**	92%	75%	**91%**	91%	67%	**89%**
Manager	61%	61%	**61%**	79%	71%	**78%**	98%	92%	**97%**
White collars	79%	73%	**77%**	82%	77%	**80%**	60%	63%	**61%**
Blue collars	43%	93%	**44%**	47%	90%	**48%**	45%	88%	**46%**

Cementir Academy

As the Covid-19 pandemic spread across the globe, the company implemented a contingency plan aimed at mitigating the implications, such as postponing or suspending relevant training programs and initiatives. Despite this, the Cementir Academy continued its extended mission to support Cementir strategy and business results, to develop current and future global leaders, to accelerate Group transformation and to foster diversity and inclusion across the Group.

We designed and delivered key training and development initiatives which include:

- The launch of some new online courses in our Academy catalogue (GDPR, Human Rights and Cultural Training on Performance Management).
- The translation and deployment of the existing online courses in the most relevant local languages (7).
- Two pilot projects applied to an international sample representative of all Group professional families aimed at assessing the impact of e-learning solutions on reskilling and upskilling, by using popular online learning platforms that offer anyone, anywhere, access to online courses and degrees from world-class universities and companies.
- The deployment of functional and technical training to upskill professional Group families and sub-communities.

Employee development is also supported through internal and external local training courses, accompanied by a series of other initiatives such as participation in work projects involving multiple departments and, in some cases, work experience abroad.

More than 35,000 hours of training were provided in 2020, almost 11.7 hours per member of staff. The measures put in place involved the entire Group workforce in a cross-functional and balanced way covering various roles, as can be seen from the summary table of training hours by professional category.

Hours of training	Unit	2020			2019			2018		
		Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Executives	Hours	374	56	430	976	100	**1,076**	1,100	8	**1,108**
Manager	Hours	4,902	558	5,460	5,188	913	**6,101**	5,266	688	**5,954**
White collars	Hours	7,551	3,320	10,871	13,863	4,174	**18,037**	12,738	3,194	**15,932**
Blue collars	Hours	18,014	512	18,525	24,684	659	**25,343**	37,415	796	**38,211**
Total	**Hours**	**30,841**	**4,445**	**35,286**	**44,710**	**5,846**	**50,556**	**56,519**	**4,686**	**61,205**
Executives	h/per	7.5	13.9	8.0	19.5	25	**19.9**	23.4	2.5	**22.1**
Manager	h/per	18.6	11.4	17.4	18.9	18.3	**18.8**	20.9	16.4	**20.3**
White collars	h/per	13.1	11.9	12.7	25	14.7	**21.5**	22.4	11.6	**18.8**
Blue collars	h/per	10.3	12.5	10.4	14.1	16.1	**14.1**	21.4	20.4	**21.3**
Total	**h/per**	**11.7**	**11.9**	**11.7**	**17**	**15.5**	**16.8**	**21.6**	**13**	**20.5**

Due to the security measures introduced by the Group to combat Covid-19, the training activities initially planned for 2020, were either, where possible, held online, or where preferable, postponed to 2021. For this reason, the hours of training decreased compared to 2019.

Diversity and Inclusion

The production sector in which the Group operates is historically characterised by a predominantly male workforce. Analysing the data on personnel distribution shows that almost 88% of employees are male. This is widely linked to a net prevalence of men amongst blue collars (the main category of staff).

In recent years, the Group has developed measures to promote equal gender treatment and opportunities throughout the entire organisation, starting by defining Group values and a leadership competency model in which the concepts of inclusion and diversity appreciation are well represented. Specifically, work has been done to define and implement a structured communication plan on Group identity in all company structures and to design and implement an online training course on Group values and the leadership model. This involved all Group managers and all Corporate employees and will be progressively rolled out to the entire company workforce.

Furthermore, the organisation has always been committed to appreciating and valuing diversity in all HR processes such as hiring, management, evaluation and development, by avoiding any discriminatory approach, starting from the management of recruiting processes and in leadership and talent development programmes. Below is a breakdown of personnel by professional category and age range.

	31-12-20			31-12-19			31-12-18		
Executive	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
<30	0	0	0	0	0	0	0	0	**0**
30-50	16	3	19	16	4	20	16	3	**19**
>50	34	1	35	35	0	35	34	0	**34**
Manager									
<30	11	1	12	11	1	12	9	0	**9**
30-50	144	36	180	153	41	194	142	37	**179**
>50	109	12	121	113	9	122	117	7	**124**
White collars									
<30	46	30	76	35	32	67	42	35	**77**
30-50	347	177	524	352	202	554	361	195	**556**
>50	184	72	256	184	60	244	180	58	**238**
Blue collars									
<30	178	4	182	173	3	176	184	7	**191**
30-50	983	34	1,017	1,048	34	1,082	1,079	30	1,109
>50	584	3	587	561	4	565	580	2	**582**

The Cementir Group operates internationally and managing diversity also means paying attention to cultural and religious differences. The Group deals in some countries with issues that are sensitive from a religious point of view: in Malaysia, for example, special prayer rooms have been set up in the plant, according to the differing religious beliefs of employees. Moreover, consumption of certain foods has been forbidden out of respect for cultural differences.

Finally, the fundamental conventions of the International Labour Organization (ILO), concerning the abolition of forced labour, collective bargaining and the elimination of child labour and discrimination have been ratified[14] in most of the countries where the Group operates. In those countries where they have not been ratified, the Group has defined clear policies relating to these agreements in the Code of Ethics, which states: *'The Group offers the same opportunities to all workers and expressly forbids any form of abuse by those in positions of authority or coordination. Abuse means any behaviour that results in requesting, or persuading to offer, services, personal favours or other benefits detrimental to the dignity, professionalism or independence of others. All recipients of this Code, defined by national and international legislations, are required to refrain from engaging in illicit behaviour that is harmful to an individual, such as, but not limited to, offences against the individual, child labour, people trafficking and child pornography'.*

[14] Freedom of Association and Protection of the Right to Organise Convention, 1948 (No.87); Right to Organise and Collective Bargaining Convention, 1949 (No. 98); Forced Labour Convention, 1930 (No. 29); Abolition of Forced Labour Convention, 1957 (No. 105); Minimum Age Convention, 1973 (No, 138); Worst Forms of Child Labour Convention, 1999 (No. 182); Equal Remuneration Convention, 1951 (No. 100); Discrimination (employment and occupation) Convention, 1958 (No. 111).

In addition, our Group Diversity Policy has been published and we are working on the Group Human Rights Policy in order to raise awareness of these important topics among our personnel and in our suppliers.

Workforce number and composition

The Cementir Group workforce comprises 3,009 employees, spread across 18 countries and 5 continents, as well as 784 contractors, people not directly employed by the Group and employees of contractors who perform some of the production operations at the company's cement and concrete plants and quarries. The Group's workforce is mainly composed of personnel hired with permanent and full-time contracts.

The table below summarises[15] the main workforce figures by category as of 31 December 2020.

Cementir Group	31-12-20			31-12-19			31-12-18		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees	2,636	373	**3,009**[16]	2,681	390	**3,071**	2,747	374	**3,121**
Contractors	778	6	**784**	541	6	**547**	537	3	**540**
Executives	50	4	**54**	51	4	**55**	51	3	**54**
Manager	264	49	**313**	277	51	**328**	270	45	**315**
White collars	577	279	**856**	571	294	**865**	583	287	**870**
Blue collars	1,745	41	**1,786**	1,782	41	**1,823**	1,843	39	**1,882**

The Group structure reorganisation, that began at the end of 2017 with the sale of the Italian production activities and continued with the acquisition of the production plants in the United States, resulted in a negative turnover balance being recorded that year.

[15] The appendix contains detailed tables divided by country.

Turnover Rate	2020			2019		
	Men	Women	Total	Men	Women	Total
Overall employee Turnover Rate[17]	12%	15%	12%	15%	12%	14%

Group turnover	2020 (absolute value)			2019 (absolute value)			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Incoming									
Under 30	92	13	105	80	11	**91**	103	20	**123**
30-50	135	19	154	181	39	**220**	184	35	**219**
Over 50	32	7	39	69	12	**81**	32	4	**36**
Total	**259**	**39**	**298**	**330**	**62**	**392**	**319**	**59**	**378**
Outgoing									
Under 30	48	8	56	65	6	**71**	74	3	**77**
30-50	167	34	201	210	33	**243**	209	45	**254**
Over 50	90	14	104	121	6	**127**	103	21	**124**
Total	**305**	**56**	**361**	**396**	**45**	**441**	**386**	**69**	**455**

Concretely safe

Occupational safety is a core value of Cementir's culture of sustainability, as is protection of workers' health. Safety begins with workers and then is focused back on them as the ultimate goal of actions put in place to improve overall risk mitigation and management, through their involvement and participation.

In this respect, Health and Safety risks are in the scope of the Cementir group's risk management framework. The process of identifying, monitoring and controlling risks at work is in place through fully integration with health surveillance process provided by each site according to the Group's Policy and the local regulation.

The governance of this process, right from its basic elements, was at the heart of the main initiatives implemented in 2020, starting with the strengthening of organisational controls on this subject, as well as within the Corporate technical area. The action plan included updating of the Group Policy and the definition, in a structured manner, of the event monitoring process, in line with internationally recognised reporting guidelines and standards (e.g. the Global Reporting Initiative).

In 2020, work began on the definition of the Group guidelines on occupational health and safety at the workplace, which provides minimum requirements, recommendations and guidelines, according to recognised best practices in the industry, Group policy and commitment in the area, without prejudice to the individual responsibilities of operating companies for their application and verification. The guidelines were issued in early 2021.

To standardise behaviour and share best practices on safety, the Group's Golden Rules of Safety were defined, which summarise the common knowledge principles aimed at preventing accidents and therefore protecting individuals in the workplace. These rules are based on international best practices and the Group's specific experience, which stems first and foremost from lessons learned from investigations of accidents and near-misses.

The Golden Rules, which may be supplemented by specific requirements at local level, are in fact a prerequisite for developing a proactive and responsible safety culture, where the principle that 'everyone protects each other' applies.

The implementation and maintenance of effective and efficient management systems for accident prevention is one of the key health and safety objectives at Group level. During 2020, all certified cement production plants completed the migration process to the ISO 45001 standard and were found to be in full compliance with the standard. At the end of 2020, certified cement plants accounted for 73% of the total. The Group plans to certify all cement production plants by 2022.

H&S Management Systems Certification		2020	2022
Total ISO 45001 certified cement plants	%	73	100

The health and safety management system certification program is also supporting all Group's operations in involving workers through their participation in the identification of hazards and assessment of the risks, specific operational committees, incident investigations, actions take in response or additional training activities.

	Common definition applied in the Group		
	KPI	**Unit**	**Definition**
Health and Safety	**TRIR (Total Recordable Injury Rate)**	n	(total recordable injuries/hours worked) x 1,000,000 *total recordable injuries*: the sum of fatalities, lost-time injuries, RWIs (Restricted Workday Injury - work-related injury which causes the injured person to be assigned to other work on a temporary basis or to work their normal job less than full time or to work at their normal job without undertaking all the normal duties) and MTCs (Medical Treatment Case - work-related injury which requires treatment by a medical professional and does not result in time away from work or restriction in duties; it excludes all cases involving first aid treatment)
	Fatalities	n	number of fatalities as a result of work-related injury
	Fatality Rate	n	(fatal injuries/hours worked) x 1,000,000
	High-Consequence Work-related Injuries Rate (excluding fatalities)	n	(high consequence work-related injuries/hours worked) x 1,000,000 *high consequence work-related injuries*: work-related injury that results in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months (excluding fatalities)
	LTI FR (Lost Time Injury Frequency Rate)	n	(injuries with working days of absence/hours worked) x 1,000,000
	LTI SR (Lost Time Injury Severity Rate)	n	(working days of absence/hours worked) x 1,000
	Near Miss	n	an incident where no injury or ill health occurs but has the potential to do so
	OIFR (Occupational Illness Frequency Rate)	n	(occupational illness allegations received/hours worked) x 1,000,000

Employees	2020	2019	2018
TRI (Total Recordable Injury)	**110**	**98**	**120**
TRIR (Total Recordable Injury Rate)	**20.1**	**16.7**	**18.2**
Cement	18.0	12.5	16.2
RMC	16.9	23.8	19.1
Aggregates	37.6	9.9	10.1
Waste	64.6	45.3	81.9
Other	12.3	13.4	10.5
Fatalities	**0**	**0**	**0**
Cement	0	0	0
RMC	0	0	0
Aggregates	0	0	0
Waste	0	0	0
Other	0	0	0
Fatality Rate	**0**	**0**	**0**
Cement	0	0	0
RMC	0	0	0
Aggregates	0	0	0
Waste	0	0	0
Other	0	0	0
High-Consequence Work-related Injuries Rate (excluding fatalities)	**0.00**	**0.17**	**0.17**
Cement	0.00	0.00	0.00
RMC	0.00	0.00	0.66
Aggregates	0.00	0.00	0.00
Waste	0.00	3.77	0.00
Other	0.00	0.00	0.00
LTI FR (Lost Time Injury Frequency Rate)	**11.0**	**10.4**	**12.0**
Cement	9.1	9.1	10.7
RMC	14.0	16.1	18.4
Aggregates	17.1	6.6	6.7
Waste	24.8	11.3	0.00
Other	3.1	2.7	7.8
LTI SR (Lost Time Injury Severity Rate)	**0.16**	**0.27**	**0.2**
Cement	0.12	0.25	0.14
RMC	0.28	0.35	0.39
Aggregates	0.28	0.08	0.08
Waste	0.03	0.65	0.00
Other	0.01	0.01	0.15
Near Miss	**446**	**526**	**478**
Cement	182	368	245
RMC	230	129	210
Aggregates	27	17	22
Waste	4	8	0
Other	3	4	1

OIFR (Occupational Illness Frequency Rate)	**0.0**	**0.5**	**0.3**

Man-hours worked (millions of hours)	**5.5**	**5.9**	**5.8**
Cement	3.3	3.5	3.4
RMC	1.4	1.4	1.5
Aggregates	0.3	0.3	0.3
Waste	0.2	0.3	0.2
Other	0.3	0.4	0.4

Contractors	2020	2019	2018
TRIR (Total Recordable Injury Rate), on site	**8.5**	**10.7**	**10.5**
Cement	7.1	10.6	8.6
RMC	9.7	12	17.4
Aggregates	27.2	16.1	0.0
Waste	15.1	0.0	0.0
Other	0.0	0.0	0.0
Fatalities	**2**	**1**	**0**
Cement	1	0	0
RMC	1	0	0
Aggregates	0	1	0
Waste	0	0	0
Other	0	0	0
Fatality Rate	**0.55**	**0.28**	**0**
Cement	0.42	0.00	0.00
RMC	0.97	0.00	0.00
Aggregates	0.00	8.06	0.00
Waste	0.00	0.00	0.00
Other	0.00	0.00	0.00
LTI FR (Lost Time Injury Frequency Rate) on site	**6.0**	**6.7**	**4.5**
Cement	6.2	5.3	3.7
RMC	3.9	8.4	6.1
Aggregates	18.2	16.1	8.4
Waste	15.1	16.3	0.0
Other	0.0	0.0	0.0
LTI SR (Lost Time Injury Severity Rate) on site	**0.09**	**0.09**	**0.08**
Cement	0.10	0.08	0.09
RMC	0.08	0.09	0.06
Aggregates	0.09	0.24	0.00
Waste	0.05	0.06	0.00
Other	0.00	0.00	0.00

Man-hours worked on site (millions of hours)	3.6	3.6	3.8
Cement	2.4	2.5	2.7
RMC	1.0	0.8	1.0
Aggregates	0.1	0.1	0.1
Waste	0.1	0.1	0.0
Other	0.0	0.0	0.0

In 2020, no recordable fatal or high-consequence injuries occurred to directly employed individuals. Two fatal injuries occurred to contractors: one road accident in Turkey due to speeding and one during an unauthorised maintenance activity in Belgium.

The number of lost-time injuries (60) remained at the same level as the previous year. The lost-time injury frequency rate for employees decreased by 6% because of fewer hours being worked overall, largely due to Covid-19 pandemic restrictions. On the contrary, the severity rate increased by 41%.

During 2020, the systemic implementation of data gathering for contractors started. For this reason, the indicators between 2020/2019 and the previous year are not fully comparable. Despite this, an improvement in performance is observed in the total recordable injury rate and lost time injury frequency rate on site.

In 2020, over 12,400 hours of specific health and safety training were provided. Due to the safety measures introduced by the Group to combat Covid-19 pandemic, the training activities initially planned for 2020, were either, where possible, held online, or where preferable, postponed to 2021. For this reason, the hours of training decreased compared to 2019.

Health & Safety	2020	2019
specific H&S training	12,424	18,796

Finally, the Group encourage the worker's access to non-occupational and healthcare services. In 2020 the activities were focused to facilitate the Covid-19 pandemic prevention, as, where possible, making agreement with private laboratory for the execution of swab tests.

Industrial relations

Operating in different countries around the world, Group companies are subject to different labour regulations and, consequently, the contracts of Group employees vary according to the country in which they were hired.

About 67% of the employees of the entire Group are covered by collective bargaining agreements, and this percentage varies from country to country depending on the applicable local legislation and on the job classification categories. Therefore, even the minimum number of weeks of notice that have to be given to workers for organisational changes varies according to country and professional category (some countries do not have any minimum notice periods, while in countries where they do have it, it can vary according to the type of organisation). The Cementir Group maintains an ongoing, structured dialogue with the representatives of its companies' European workers, in compliance with EU regulations and according to the framework adopted by the Group's European Company Committee (CAE). Throughout the year, management informed and consulted employees and trade unions on transnational issues concerning the status of its activities and other significant decisions that the Group has taken in relation to the business and its employees. Representatives from Belgium, Denmark and Norway attended the meetings held in Rome.

We support our communities

We create value for local communities, listening to their needs and concerns and basing our relationships with them on transparency and accountability.

Risk analysis and policies adopted

The Cementir Group is continuously improving technical solutions that reduce environmental impact and that balance the interests of the company with those of local communities. The Group has identified the risk that the companies' activities, in particular those related to concrete production and waste treatment, may lead to critical and/or unfavourable attitudes among local communities and local stakeholders, resulting in a deterioration of the Company's image.

The actions to mitigate this risk, particularly present in Turkey, involve communication at the local level, organising community meetings with feedback sessions, stakeholder analyses and the definition of a communication plan.

For this reason, **dialogue with the institutions, communities and associations affected by plant operations is essential for the continuity and preservation of the business.**

The Company maintains relationships with opinion groups, trade unions and institutions at all levels, and has set up communication channels to deal with any claims or complaints from the local community.

To handle these topics, the Cementir Group has established a new function in Corporate, managing Health & Safety and Environmental matters, that will lead and coordinate all the related structures of the Group.

This aspect becomes even more relevant where increased urbanisation has brought towns closer to the Group’s plants, particularly in Turkey. For this reason, specific tools have been adopted in the Eastern Mediterranean region to map the stakeholders that should be involved in defining actions to be implemented and in communicating important aspects regarding the plants’ operations. These tools also enable companies in the region to analyse stakeholders’ complaints, in order to provide the necessary information or to plan specifically focused actions.

Dialogue and support of local communities

Against this backdrop, the most debated topics with local stakeholders in 2020 mainly concerned permits for the use of quarries and the introduction of alternative fuels, the streamlining and, where possible, the reduction of incoming and outgoing traffic transporting raw materials and fuel to the plants, dust levels and polluting emissions. Regarding members of the community we focused, in some cases, on organising meetings with groups of residents in order to provide them with detailed information on the work and operations taking place at Group sites.

The Elazığ and İzmir plants' proximity to residential areas involves a constant dialogue with the local communities, which are particularly sensitive to the plants' surroundings and visual impact. To tackle these specific aspects, Çimentaş is adopting specific strategies of involvement and communication with stakeholders interested in the issue. Another aspect that is particularly felt in Turkey is the collection and recycling of waste, since there is no in-depth knowledge of waste management processes and the local community perceives some activities as risky. Precisely for this reason, the Group companies operating in this industry have decided to define a specific engagement and communication plan aimed at stakeholders. This plan entails involving opinion leaders, experts and members of the community in regular meetings, the use of multimedia channels and digital media to provide information on how waste is managed, and meetings and interaction with families living near the plants.

Earthquake in Elazig

On 24 January 2020, a magnitude 6.8 earthquake occurred in Elazığ province, in Turkey. More than 30 people were killed and more than 1,600 injured.

In the hours following the earthquake, Çimentaş donated 1 million Turkish lira (approx. 150,000 euros) to the local authorities and opened the plant to provide accommodation to people whose houses had been damaged. The guest house at the Elazığ plant was opened to the evacuated people. In the following months, Çimentaş management in Elazığ was in close coordination with local authorities to provide support to the local community.

Earthquake in İzmir

On 30 October 2020, a magnitude 6.6 earthquake occurred in İzmir province, in Turkey. More than 90 people died and more than 900 injured. After the earthquake, Çimentaş donated 400 thousand Turkish lira (approx. 45,000 euros) to the local authorities and provided financial support to employees whose houses had been damaged.

Çimentaş Education and Health Foundation

In Turkey, the Cementir Group maintains close ties with the most vulnerable groups through the Çimentaş Education and Health Foundation, established in 1986 and committed to providing financial assistance and educational materials to families and schools. Since it was founded, the Foundation has sponsored over 500 scholarships for high school pupils and university students and has contributed to the renovation of various school buildings close to the plant in Elazığ, Turkey.

In 1998, the Çimentaş Education and Health Foundation established the Işıkkent High School. This senior school is recognised for its innovative approach to education and research and can enrol up to 770 pupils a year. As part of this project, education is provided at all educational levels from nursery to senior school.

In 2020, the school had to define specific rules, procedures and systems to protect all students, teachers and employees from the risk of Covid-19 exposure; to pursue teaching and learning activities in a healthy, safe, structured and corporate environment; to ensure physical layouts and equipment are aligned with the new social realities and to ensure that all hygienic measures are taken.

Please visit the following link for further details: https://www.isikkent.k12.tr/en-US.

Recovery of heat from kiln fuel

Since 1990, Aalborg Portland has provided district heating to the municipality of Aalborg.

In order to produce cement, raw materials such as limestone and sand must be burned at temperatures of up to 1500°C. Due to this high temperature process, the Aalborg Portland cement factory has enormous supplies of excess heat. One of the main sources of waste heat is the flue gas emitted by the white kilns. The solution to this energy loss was to implement a heat recovery system, in which the flue gasses from the five white kilns of the Aalborg plant are used in heat exchanger installations to transfer the thermal energy from the flue gas to Aalborg's district heating network.

The Aalborg plant recovers excess heat from cement production to provide district heating to local inhabitants. The recovered thermal energy is used to heat the homes of about 36,000 families. In 2020, Aalborg Portland delivered about 1.8 million GJ of energy to the municipality of Aalborg.

The annual CO_2 savings from this heat recovery system have been estimated at 150,000 tons. The calculation is based on the amount of CO_2 that is not emitted from the local coal-fired power station because the total needs are partially covered by the heat coming from the Aalborg plant.

In this way, energy that has already been produced during the cement production is recycled and delivered to the district heating system, so that the energy does not have to be produced twice.

.

Looking at the value created

Earnings and financial results

During 2020, cement and clinker sales volumes reached 10.7 million tons, up by 12.9% compared to 2019. The increase is mainly attributable to performance in Turkey, with cement volumes up 39%.

Sales volumes of ready-mixed concrete, equal to 4.4 million cubic metres, were up by 7.8% mainly due to the increase in Turkey and, to a lesser extent, in Sweden.

In the aggregates segment, sales volumes amounted to 9.5 million tons, down by 1.8% as a result of the increase in Denmark and Sweden being offset by the contraction in Belgium and France due to the pandemic.

Group revenue reached the historical record of EUR 1,224.8 million, up 1.1% compared to EUR 1,211.8 million in 2019. Revenue increased in Turkey and Egypt, while remaining stable or falling in all other regions. At constant 2019 exchange rates, revenue would have reached EUR 1,269.3 million, up by 4.7% on the previous year.

EBITDA reached EUR 263.7 million, unchanged with respect to the EUR 263.8 million in 2019. At constant exchange rates with the previous year, EBITDA would have reached EUR 267.0 million.

In 2020, EBITDA includes non-recurring income of EUR 0.6 million, including EUR 6.1 million in charges related to some equipment disposal in Turkey, and EUR 6.7 million of non-recurring income related to the revaluation of land and buildings in Turkey (non-recurring income of EUR 6.4 million in 2019).

Excluding non-recurring items, EBITDA would have increased by 2.2% compared to 2019, with an increase in Turkey, Denmark, Egypt, China and Sweden but a decrease in Belgium, the United States and Malaysia.

The EBITDA margin was 21.5% compared to 21.8% in 2019.

EBIT, considering EUR 106.6 million of amortisation, depreciation, impairment losses and provisions (EUR 112.1 million in 2019), amounted to EUR 157.2 million, up 3.6% compared to EUR 151.7 million in the previous year. Amortisation, depreciation, write-downs and provisions include EUR 1.3 million for assets impairment and EUR 1.0 million for risk provisions. There are no inventory impairment losses or risks provisions because of the Covid-19 pandemic. At constant exchange rates with the previous year, EBIT would have reached EUR 157.3 million.

Net financial debt as at 31 December 2020 was EUR 122.2 million, a decrease of EUR 117.4 million from EUR 239.6 million as at 31 December 2019. The debt position due to accounting standard IFRS 16 was equal to EUR 85.3 million compared to EUR 83.9

million as at 31 December 2019. Net of this impact, net financial debt fell by EUR 118.8 million.

This change was due to net working capital dynamics, careful management of investments amounting to EUR 55.7 million and financial management. The result was also affected by a EUR 30.9 million dividend distribution, around EUR 4.5 million spent for the purchase of treasury shares, as well as the settlement of previous transactions, during the first quarter of the year.

Financial highlights (in millions of euros)	2020	2019	Change %
Revenue from sales and services	1,224.8	1,211.8	1.1%
EBITDA	263.7	263.8	-0.0%
EBITDA/Revenue from sales and services (%)	21.5%	21.8%	
EBIT	157.2	151.7	3.6%

Sales volumes (,000)	2020	2019	Change %
Grey and white cement (metric tons)	10,712	9,489	12.9%
Ready-mixed concrete (m3)	4,435	4,116	7.8%
Aggregates (metric tons)	9,531	9,710	-1.8%

Net Financial Debt (in millions of euros)	31-12-20	31-12-19
Net financial debt	122.2	239.6

Cementir's approach to taxes

The Cementir group adopts a decentralized tax management model with reference to the local tax compliance where all the associated companies manage locally their own tax obligations in accordance with the respective regulations.

Global, complex or extraordinary tax matters are then coordinated centrally, such us transfer pricing policy and extraordinary operations, with the support of associated companies.

Local Chief Financial Officers and Finance Managers have been invited to engage first-class tax consultants to enhance the level of competences required by the local operations and to be consistently up to date with the evolution of local laws and regulations.

The Cementir group does not include companies or branches located in so called tax heavens or in any case in countries with a reduced direct or indirect taxation and does not adopt aggressive tax planning strategies consisting of incorporation of artificial schemes and entities nor tax-driven transactions in order to obtain tax savings and advantages.

As far as commercial transactions are concerned, from a transfer pricing perspective, group's guidelines were introduced in order to comply with various countries requirements, for example concerning the trading activities and at level of Aalborg Portland Holding.

Given the internationalization of Cementir group, the global approach to tax is inspired by the guidelines provided by OECD and by the application of the Treaties for the avoidance of double taxation, where applicable.

The Cementir group manages its approach to tax with full transparency and collaborative approach, by complying with the local legislation of the various countries in which the Group operates.

Tax risks may lead to a negative effect on the business goals of the organization and/or to financial or reputational damages.

In this respect, tax risks are in the scope of the Cementir group's risk management framework. Tax risks are then monitored within the group risk management processes and a dedicated set of controls and testing instruments are dedicated to local tax compliance matters.

Main purpose is to control and limit those risks and to avoid possible situations conflicting with local authorities' interpretation of tax regulations.

In addition, as already mentioned in the paragraph "The code of Ethics" a whistleblowing system has been in place since 2013, which can be used to report breaches of the principles and rules set out in the Code of Ethics and the policies adopted by the Group, or to report non-compliance with laws and regulations.

As part of the "207-1 Approach to Tax", the specific and qualified tax knowledge at associated companies' level and the recourse to tier 1 tax consultants, contribute to the proper management of the tax risk within the group as well as to the alignment of the tax approach to the requirements of the countries in which the group operates.

The Cementir group maintains relationships with local tax authorities with respect to information on rules interpretation, contacts during tax audits / inspections as well as ruling procedure, where appropriate.

Local Chief Financial Officer / Finance Manager address these situations with a fully transparent and collaborative approach as well as with a strong focus on the group's business and on the business model adopted in order to avoid any sort of misinterpretation of group and associated companies behaviors.

As the Group recognizes the relevance of a transparent management of tax issues, also given its global presence, it is committed to developing a structured process that will allow, in 2021, to disclose the quantitative information foreseen by GRI 207-4 concerning the "country-by-country" reporting".

Economic value generated and distributed[18]

Cementir Holding **redistributed part of the wealth generated to its shareholders and stakeholders**, including employees, suppliers, government and local communities. The representation of this wealth is calculated through economic value generated and distributed, which takes into account the key factors for assessing the social role of a business in the area where it operates and for the people that are involved in its production processes. For example, this calculation includes staff remuneration and costs; taxes paid in countries where the company operates (production excises, VAT, direct taxation) or payments to suppliers.

The analysis of the value-added distribution is based on economic value generated, distributed and retained by the company, calculated by restating the items on the income statement of the Cementir Group's consolidated financial statements. This analysis produces a quantitative assessment of direct socio-economic impact, by looking at the various items that comprise the wealth created and distributed in the form of costs.

[18] Please note that the 2018 figure includes the contribution of *Lehigh White Cement Company*, consolidated in full as of 1 April 2018.

('000)	2020	2019	2018
Direct economic value generated[19]	**1,241,703**	**1,243,951**	**1,299,237**
Total operating revenue	**1,232,799**	1,243,392	1,239,670
Financial income	**12,303**	4,636	70,835
Foreign exchange rate gains (losses)	**(3,970)**	(4,387)	(12,318)
Share of net profits of equity-accounted investees	**571**	310	1,050
Economic value distributed	**1,061,382**	**1,064,870**	**1,092,585**
Operating costs	**768,650**	**783,419**	**813,759**
Raw materials costs	**461,195**	466,387	479,283
Other operating costs	**307,455**	317,032	334,476
Value distributed to employees	**188,430**	**184,897**	**176,326**
Personnel costs	**188,430**	184,897	176,326
Value distributed to capital providers	**54,425**	**52,906**	**49,115**
Financial expense	**23,519**	25,654	28,145
Dividends	**30,906**	27,252	20,970
Grants to local communities		-	
Value distributed to Government	**49,877**	**43,648**	**53,385**
Current taxes (income taxes)	**37,898**	32,366	42,304
Other non-income-related taxes	**11,979**	11,282	11,081
Economic value retained	**177,412**	**173,972**	**153,023**
Profit (loss) for the year, of which:	**78,457**	114,690	60,010
Profit (loss) from discontinued operations	**0**	13,109	33,094
Amortisation and depreciation	**104,223**	78,093	72,590
Provisions	**990**	4,091	3,865
Impairment losses	**1,354**	3,107	5,677
Deferred tax liabilities (assets)	**7,612**	1,294	22,213

[19] The economic value withheld is not the exact difference between the economic value generated and distributed. The slightly different is a cash effect, linked mainly to taxes.

cementirholding
CALTAGIRONE GROUP

Appendix

Below is reported a table of correlation between European Directive 95/2014/EU – material issues – GRI Standards:

Issue of European Directive 95/2014/EU	Cementir material issue	Identified risks and managing methods	Policies adopted	Relevant GRI standards	Reported disclosure	Notes
Environmental	Use of alternative fuels and materials	Energy Risk of unavailability of raw materials Risks connected to climate change Please see: Chap. 'In waste, we see resources' 'We respect the environment in all our operations'	Chap. 'In waste we see resources'	GRI 103: Management approach GRI 302: Energy GRI 301: Materials	302-1 302-3 301-1	
	Climate change		Chap. 'We respect the environment in all our operations'	GRI 103: Management approach GRI 305: Emissions	305-1 305-2 305-4	
	Channelled emissions		Chap. 'We respect the environment in all our operations'	GRI 103: Management approach GRI 305: Emissions	305-7	
	Water management		Chap. 'We respect the environment in all our operations'	GRI 103: Management approach GRI 303 (2018): Water and effluents	303-1 303-2 303-3	
Social	Community engagement	Risks related to licences and operating permits Please see: Chap. 'We support our communities'	Chap. 'We support our communities'	GRI 103: Management approach GRI 413: Local Communities	413-2	
	Fair competition	Compliance risks Please see: Chap. 'Integrity and competition'	Chap. 'Integrity and competition'	GRI 103: Management approach GRI 206: Anti-competitive behaviour	206-1	
	Logistics and supply chain	Risk of unavailability of raw materials. Health and Safety Risks Some of the Group's environmental and social risks extend to the supply chain.	Chap. 'How is cement made' and Chap. 'We value our people'	GRI 103: Management approach	-	.
Staff-related	Health and Safety	Health and Safety Risks Please see: Chap. 'We value our people'	Chap. 'We value our people'	GRI 103: Management approach GRI 403 (2018): Occupational health and safety	403-1 403-2 403-3 403-4 403-5 403-6 403-7 403-9	

Issue of European Directive 95/2014/EU	Cementir material issue	Identified risks and managing methods	Policies adopted	Relevant GRI standards	Reported disclosure	Notes
	People management and development	Risks of loss of key personnel Please see: Chap. 'We value our people'	Chap. 'We value our people'	GRI 103: Management approach GRI 401: Employment GRI 404: Training and Education	401-1 404-1 404-2 404-3	The section dedicated to the subject specifically indicates limits to scope. These limitations do not affect the understanding of the company's activities, its performance, its results and the impact produced.
	Diversity management		Chap. 'We value our people'	GRI 103: Management approach GRI 405: Diversity and Equal opportunities	405-1	
	Industrial relations		Chap. 'We value our people'	GRI 103: Management approach GRI 402: Labor/Management Relations	402-1	
Respect for human rights	Human rights	Compliance risks Please see: Chap. 'We value our people'	Chap. 'We value our people'	GRI 103: Management approach GRI 406: Non-discrimination	406-1	In 2020, no reports or complaints were received concerning possible discrimination in the workplace.
The fight against corruption	Ethics, anti-corruption and compliance	Compliance risks Please see: Chap. 'The commitment to fight corruption'	Chap. 'The commitment to combating corruption'	GRI 103: Management approach GRI 205: Anti-corruption	205-3	

Tables on the composition of personnel by country

Turkey	31-12-20			31-12-19			31-12-18		
	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Employees	655	45	**700**	671	53	**724**	716	59	**775**
Contractors	478	5	**483**	222	5	**227**	216	2	**218**
Professional category									
Executives	9	2	**11**	9	2	**11**	8	1	**9**
Manager	30	4	**34**	34	4	**38**	35	6	**41**
White collars	132	38	**170**	135	45	**180**	138	48	**186**
Blue collars	484	1	**485**	493	2	**495**	535	4	**539**
Age range									
<30	57	7	**64**	47	6	53	71	9	**80**
30-50	547	36	**583**	565	44	609	599	48	**647**
>50	51	2	**53**	59	3	62	46	2	**48**
Type of contract									
Permanent	644	42	686	661	49	710	709	56	**765**
Temporary	11	3	14	10	4	14	7	3	**10**
Full-time	655	45	700	671	53	724	716	59	**775**
Part-time	0	0	0	0	0	0	0	0	0

Turkey	31-12-20			31-12-19			31-12-18		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executive Manager									
<30	0	0	0	0	0	0	0	0	0
30-50	4	2	6	3	2	**5**	2	1	**3**
>50	5	0	5	6	0	**6**	6	0	**6**
Manager									
<30	0	0	0	0	0	0	0	0	0
30-50	25	4	29	26	4	**30**	30	6	**36**
>50	5	0	5	8	0	**8**	5	0	**5**
White collars									
<30	12	7	19	8	6	**14**	18	9	**27**
30-50	109	29	138	114	37	**151**	108	38	**146**
>50	11	2	13	13	2	**15**	12	1	**13**
Blue collars									
<30	45	0	45	39	0	**39**	53	0	**53**
30-50	409	1	410	422	1	**423**	459	3	**462**
>50	30	0	30	32	1	**33**	23	1	**24**

Egypt	31-12-20			31-12-19			31-12-18		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees	59	9	**68**	60	8	**68**	58	7	**65**
Contractors	263	0	**263**	282	0	**282**	282	0	**282**
Professional category									
Executives	1	0	**1**	2	0	**2**	1	0	**1**
Manager	20	0	**20**	21	0	**21**	21	0	**21**
White collars	24	9	**33**	23	8	**31**	21	7	**28**
Blue collars	14	0	**14**	14	0	**14**	15	0	**15**
Age range									
<30	4	3	**7**	1	0	**1**	0	0	**0**
30-50	51	6	**57**	54	8	**62**	52	7	**59**
>50	4	0	**4**	5	0	**5**	6	0	**6**
Type of contract									
Permanent	57	8	**65**	59	7	**66**	58	7	**65**
Temporary	2	1	**3**	1	1	**2**	0	0	**0**
Full-time	59	9	**68**	60	8	**68**	58	7	**65**
Part-time	0	0	**0**	0	0	**0**	0	0	**0**

Egypt	31-12-20			31-12-19			31-12-18		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executive Manager									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	1	0	**1**	1	0	**1**	0	0	**0**
>50	0	0	**0**	1	0	**1**	1	0	**1**
Manager									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	17	0	**17**	18	0	**18**	17	0	**17**
>50	3	0	**3**	3	0	**3**	4	0	**4**
White Collar									
<30	4	3	**7**	1	0	**1**	0	0	**0**
30-50	20	6	**26**	22	8	**30**	21	7	**28**
>50	0	0	**0**	0	0	**0**	0	0	**0**
Blue collars									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	13	0	**13**	13	0	**13**	14	0	**14**
>50	1	0	**1**	1	0	**1**	1	0	**1**

China	31-12-20			31-12-19			31-12-18		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees	175	45	**220**	167	47	**214**	168	49	**217**
Contractors	0	0	**0**	0	0	**0**	0	0	**0**
Professional category									
Executives	1	0	**1**	1	0	**1**	1	0	**1**
Manager	16	1	**17**	16	1	**17**	15	1	**16**
White collars	51	22	**73**	45	24	**69**	46	26	**72**
Blue collars	107	22	**129**	105	22	**127**	106	22	**128**
Age range									
<30	16	7	**23**	16	7	**23**	22	12	**34**
30-50	92	37	**129**	99	39	**138**	95	36	**131**
>50	67	1	**68**	52	1	**53**	51	1	**52**
Type of contract									
Permanent	144	30	**174**	145	27	**172**	147	33	**180**
Temporary	31	15	**46**	22	20	**42**	21	16	**37**
Full-time	175	45	**220**	167	47	**214**	168	49	**217**
Part-time	0	0	**0**	0	0	**0**	0	0	**0**

China	31-12-20			31-12-19			31-12-18		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executive Manager									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	0	0	**0**	0	0	**0**	0	0	**0**
>50	1	0	**1**	1	0	**1**	1	0	**1**
Manager									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	8	1	**9**	8	1	**9**	8	1	**9**
>50	8	0	**8**	8	0	**8**	7	0	**7**
White collars									
<30	4	5	**9**	3	5	**8**	5	7	**12**
30-50	30	17	**47**	30	18	**48**	30	18	**48**
>50	17	0	**17**	12	1	**13**	11	1	**12**
Blue collars									
<30	12	2	**14**	13	2	**15**	16	5	**21**
30-50	54	19	**73**	61	20	**81**	57	17	**74**
>50	41	1	**42**	31	0	**31**	33	0	**33**

Malaysia	31-12-20			31-12-19			31-12-18		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees	172	36	**208**	165	36	**201**	161	38	**199**
Contractors	37	0	**37**	37	0	**37**	37	0	**37**
Professional category									
Executives	2	0	**2**	2	0	**2**	2	0	**2**
Manager	12	3	**15**	12	3	**15**	12	3	**15**
White collars	46	33	**79**	43	33	**76**	44	35	**79**
Blue collars	112	0	**112**	108	0	**108**	103	0	**103**
Age range									
<30	48	3	**51**	36	4	**40**	30	5	**35**
30-50	97	27	**124**	94	26	**120**	94	26	**120**
>50	27	6	**33**	35	6	**41**	37	7	**44**
Type of contract									
Permanent	172	36	**208**	146	36	**182**	147	38	**185**
Temporary	0	0	**0**	19	0	**19**	14	0	**14**
Full-time	172	36	**208**	165	36	**201**	161	38	**199**
Part-time	0	0	**0**	0	0	**0**	0	0	**0**

Malaysia	31-12-20			31-12-19			31-12-18		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executive Manager									
<30	0	0	0	0	0	0	0	0	**0**
30-50	1	0	1	1	0	1	1	0	**1**
>50	1	0	1	1	0	1	1	0	**1**
Manager									
<30	0	0	0	0	0	0	0	0	**0**
30-50	11	3	14	10	3	13	9	3	**12**
>50	1	0	1	2	0	2	3	0	**3**
White collars									
<30	10	3	13	6	4	10	4	5	**9**
30-50	27	24	51	24	23	47	25	23	**48**
>50	9	6	15	13	6	19	15	7	**22**
Blue collars									
<30	38	0	38	30	0	30	26	0	**26**
30-50	58	0	58	59	0	59	59	0	**59**
>50	16	0	16	19	0	19	18	0	**18**

Denmark	31-12-20			31-12-19			31-12-18		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees	598	86	**684**	628	86	**714**	645	75	**720**
Contractors	0	0	**0**	0	0	**0**	0	0	**0**
Professional category									
Executives	4	0	**4**	3	0	**3**	3	0	**3**
Manager	41	9	**50**	47	10	**57**	44	8	**52**
White collars	134	68	**202**	143	69	**212**	138	63	**201**
Blue collars	419	9	**428**	435	7	**442**	460	4	**464**
Age range									
<30	25	6	**31**	31	7	**38**	29	5	**34**
30-50	227	47	**274**	252	52	**304**	266	48	**314**
>50	346	33	**379**	345	27	**372**	350	22	**372**
Type of contract									
Permanent	597	85	**682**	625	83	**708**	645	75	**720**
Temporary	1	1	**2**	3	3	**6**	0	0	**0**
Full-time	593	81	**674**	623	82	**705**	642	74	**716**
Part-time	5	5	**10**	5	4	**9**	3	1	**4**

Denmark	31-12-20			31-12-19			31-12-18		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executive Manager									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	1	0	**1**	1	0	**1**	1	0	**1**
>50	3	0	**3**	2	0	**2**	2	0	**2**
Manager									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	17	6	**23**	24	7	**31**	23	6	**29**
>50	24	3	**27**	23	3	**26**	21	2	**23**
White collars									
<30	9	5	**14**	9	7	**16**	6	5	**11**
30-50	63	35	**98**	69	41	**110**	71	39	**110**
>50	62	28	**90**	66	22	**88**	61	19	**80**
Blue collars									
<30	16	1	**17**	22	1	**23**	23	0	**23**
30-50	146	6	**152**	161	6	**167**	171	3	**174**
>50	257	2	**259**	268	2	**270**	266	1	**267**

Norway	31-12-20			31-12-19			31-12-18		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees	126	22	**148**	131	19	**150**	122	19	**141**
Contractors	0	1	**1**	0	0	**0**	0	0	**0**
Professional category									
Executives	0	0	**0**	0	0	**0**	0	0	**0**
Manager	11	4	**15**	21	5	**26**	15	4	**19**
White collars	34	13	**47**	25	11	**36**	32	13	**45**
Blue collars	81	5	**86**	85	3	**88**	75	2	**77**
Age range									
<30	10	0	**10**	9	0	**9**	7	1	**8**
30-50	70	16	**86**	64	14	**78**	64	13	**77**
>50	46	6	**52**	58	5	**63**	51	5	**56**
Type of contract									
Permanent	126	22	**148**	131	19	**150**	122	19	**141**
Temporary	0	0	**0**	0	0	**0**	0	0	**0**
Full-time	123	22	**145**	128	19	**147**	120	19	**139**
Part-time	3	0	**3**	3	0	**3**	2	0	**2**

Norway	31-12-20			31-12-19			31-12-18		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executive Managers									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	0	0	**0**	0	0	**0**	0	0	**0**
>50	0	0	**0**	0	0	**0**	0	0	**0**
Manager									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	5	2	**7**	8	3	**11**	5	2	**7**
>50	6	2	**8**	7	1	**8**	10	1	**11**
White collars									
<30	1	0	**1**	1	0	**1**	1	1	**2**
30-50	18	9	**27**	16	8	**24**	17	9	**26**
>50	15	4	**19**	17	4	**21**	14	4	**18**
Blue collars									
<30	9	0	**9**	8	0	**8**	6	0	**6**
30-50	47	5	**52**	42	3	**45**	42	2	**44**
>50	25	0	**25**	34	0	**34**	27	0	**27**

Great Britain	31-12-20			31-12-19			31-12-18		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees	34	6	40	37	8	45	37	7	**44**
Contractors	0	0	0	0	0	0	0	0	**0**
Professional category									
Executives	1	0	1	1	0	1	2	0	**2**
Manager	3	1	4	2	2	4	2	1	**3**
White collars	2	5	7	1	6	7	5	6	**11**
Blue collars	28	0	28	33	0	33	28	0	**28**
Age range									
<30	3	0	3	4	1	5	5	0	**5**
30-50	14	3	17	14	4	18	13	3	**16**
>50	17	3	20	19	3	22	19	4	**23**
Type of contract									
Permanent	34	6	40	37	7	44	36	6	**42**
Temporary	0	0	0	0	1	1	1	1	**2**
Full-time	34	6	40	37	7	44	37	5	**42**
Part-time	0	0	0	0	0	0	0	2	**2**

Great Britain	31-12-20			31-12-19			31-12-18		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executive Manager									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	0	0	**0**	0	0	**0**	0	0	**0**
>50	1	0	**1**	1	0	**1**	1	0	**1**
Manager									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	2	0	**2**	2	1	**3**	2	0	**2**
>50	1	1	**2**	0	1	**1**	1	1	**2**
White collars									
<30	0	0	**0**	0	1	**1**	1	0	**1**
30-50	1	3	**4**	0	3	**3**	1	3	**4**
>50	1	2	**3**	1	2	**3**	3	3	**6**
Blue collars									
<30	3	0	**3**	4	0	**4**	4	0	**4**
30-50	11	0	**11**	12	0	**12**	10	0	**10**
>50	14	0	**14**	17	0	**17**	14	0	**14**

France	31-12-20			31-12-19			31-12-18		
	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Employees	30	2	**32**	26	2	**28**	27	2	**29**
Contractors	0	0	**0**	0	1	**1**	0	0	**0**
Professional category									
Executives	0	0	**0**	0	0	**0**	0	0	**0**
Manager	13	1	**14**	13	1	**14**	12	1	**13**
White collars	15	1	**16**	13	1	**14**	15	1	**16**
Blue collars	2	0	**2**	0	0	**0**	0	0	**0**
Age range									
<30	3	0	**3**	3	0	**3**	1	0	**1**
30-50	20	1	**21**	16	2	**18**	18	2	**20**
>50	7	1	**8**	7	0	**7**	8	0	**8**
Type of contract									
Permanent	30	2	**32**	26	2	**28**	27	2	**29**
Temporary	0	0	**0**	0	0	**0**	0	0	**0**
Full-time	30	2	**32**	26	2	**28**	27	2	**29**
Part-time	0	0	**0**	0	0	**0**	0	0	**0**

France	31-12-20			31-12-19			31-12-18		
	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Executive Manager									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	0	0	**0**	0	0	**0**	0	0	**0**
>50	0	0	**0**	0	0	**0**	0	0	**0**
Manager									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	7	1	**8**	7	1	**8**	5	1	**6**
>50	6	0	**6**	6	0	**6**	7	0	**7**
White collars									
<30	1	0	**1**	3	0	**3**	1	0	**1**
30-50	13	0	**13**	9	1	**10**	13	1	**14**
>50	1	1	**2**	1	0	**1**	1	0	**1**
Blue collars									
<30	2	0	**2**	0	0	**0**	0	0	**0**
30-50	0	0	**0**	0	0	**0**	0	0	**0**
>50	0	0	**0**	0	0	**0**	0	0	**0**

Belgium	31-12-20			31-12-19			31/12/2018[1]		
	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Employees	421	58	**479**	431	59	**490**	433	56	489
Contractors	0	0	**0**	2	1	**3**	2	1	3
Professional category									
Executives	1	0	**1**	1	0	**1**	1	0	1
Manager	56	13	**69**	55	12	**67**	54	10	64
White collars	79	44	**123**	78	46	**124**	84	45	129
Blue collars	285	1	**286**	297	1	**298**	294	1	295
Age range									
<30	34	3	**37**	37	3	**40**	34	2	36
30-50	217	37	**254**	249	47	**296**	235	43	278
>50	170	18	**188**	145	9	**154**	164	11	175
Type of contract									
Permanent	403	57	**460**	404	58	**462**	415	55	470
Temporary	18	1	**19**	27	1	**28**	18	1	19
Full-time	393	41	**434**	403	42	**445**	400	40	440
Part-time	28	17	**45**	28	17	**45**	33	16	49

Belgium	31-12-20			31-12-19			31-12-18		
	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Executive Manager									
<30	0	0	**0**	0	0	0	0	0	**0**
30-50	0	0	**0**	0	0	0	0	0	**0**
>50	1	0	**1**	1	0	1	1	0	**1**
Manager									
<30	9	1	**10**	9	1	10	7	0	**7**
30-50	20	9	**29**	20	10	30	16	9	**25**
>50	27	3	**30**	26	1	27	31	1	**32**
White collars									
<30	1	2	**3**	1	2	3	3	2	**5**
30-50	39	27	**66**	43	36	79	45	33	**78**
>50	39	15	**54**	34	8	42	36	10	**46**
Blue collars									
<30	24	0	**24**	27	0	27	24	0	**24**
30-50	158	1	**159**	186	1	187	174	1	175
>50	103	0	**103**	84	0	84	96	0	**96**

USA	31-12-20			31-12-19			31-12-2018		
	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Employees	179	21	**200**	187	20	207	192	15	**207**
Contractors	0	0	**0**	0	0	0	0	0	**0**
Professional category									
Executives	2	0	**2**	3	0	3	3	0	**3**
Manager	37	2	**39**	38	2	40	35	3	**38**
White collars	14	19	**33**	19	18	37	18	12	**30**
Blue collars	126	0	**126**	127	0	127	136	0	**136**
Age range									
<30	18	2	**20**	20	3	22	2	2	**24**
30-50	67	13	**80**	66	9	70	5	2	**75**
>50	94	6	**100**	101	8	100	8	11	**108**
Type of contract									
Permanent	179	21	**200**	186	20	206	192	15	**207**
Temporary	0	0	**0**	1	0	1	0	0	**0**
Full-time	179	21	**200**	187	20	207	189	15	204
Part-time	0	0	**0**	1	0	1	3	0	3

USA	31-12-20			31-12-19			31-12-18		
	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Executive Manager									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	0	0	**0**	0	0	**0**	0	0	**0**
>50	2	0	**2**	3	0	3	3	0	**3**
Manager									
<30	1	0	**1**	2	0	2	1	0	**1**
30-50	17	2	**19**	13	1	14	10	2	**12**
>50	19	0	**19**	23	1	24	24	1	**25**
White collars									
<30	1	2	**3**	1	3	4	0	2	**2**
30-50	6	11	**17**	6	8	14	8	3	**11**
>50	7	6	**13**	12	7	19	10	7	**17**
Blue collars									
<30	16	0	**16**	17	0	17	21	0	**21**
30-50	44	0	**44**	47	0	47	56	0	**56**
>50	66	0	**66**	66	0	66	62	0	**62**

Sweden	31-12-20			31-12-19			31-12-18		
	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Employees	114	20	**134**	110	24	**134**	115	26	**141**
Contractors	0	0	**0**	0	0	**0**	0	0	**0**
Professional category									
Executives	2	0	**2**	2	0	**2**	2	0	**2**
Manager	5	3	**8**	5	3	**8**	6	3	**9**
White collars	29	15	**44**	24	17	**41**	26	17	**43**
Blue collars	78	2	**80**	79	4	**83**	81	6	**87**
Age range									
<30	15	2	**17**	14	3	**17**	13	3	**16**
30-50	51	9	**60**	49	12	**61**	46	16	**62**
>50	48	9	**57**	47	9	**56**	56	7	**63**
Type of contract									
Permanent	112	20	**132**	107	24	**131**	112	25	**137**
Temporary	2	0	**2**	3	0	**3**	3	1	**4**
Full-time	114	19	**133**	110	23	**133**	115	25	**140**
Part-time	0	1	**1**	0	1	**1**	0	1	**1**

Sweden	31-12-20			31-12-19			31-12-18		
	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Executive Manager									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	0	0	**0**	0	0	**0**	0	0	**0**
>50	2	0	**2**	2	0	2	2	0	**2**
Manager									
<30	0	0	**0**	0	0	1	1	0	**1**
30-50	3	1	**4**	3	1	5	3	2	**5**
>50	2	2	**4**	2	2	3	2	1	**3**
White collars									
<30	2	2	**4**	1	2	2	1	1	**2**
30-50	12	6	**18**	11	8	22	12	10	**22**
>50	15	7	**22**	12	7	20	13	6	**20**
Blue collars									
<30	13	0	**13**	13	1	13	11	2	**13**
30-50	36	2	**38**	34	3	35	31	4	**35**
>50	29	0	**29**	34	0	39	39	0	**39**

Italy	31-12-20			31-12-19			31-12-18		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees	53	19	**72**	51	22	**73**	54	18	**72**
Contractors	0	0	**0**	0	0	**0**	0	0	**0**
Professional category									
Executives	27	2	**29**	27	2	**29**	28	2	**30**
Manager	13	8	**21**	14	9	**23**	13	5	**18**
White collars	13	9	**22**	10	11	**21**	13	11	**24**
Blue collars	0	0	**0**	0	0	**0**	0	0	**0**
Age range									
<30	1	1	**2**	1	4	**5**	2	3	**5**
30-50	26	16	**42**	27	18	**45**	30	15	**45**
>50	26	2	**28**	23	0	**23**	22	0	**22**
Type of contract									
Permanent	53	19	**72**	50	22	**72**	54	17	**71**
Temporary	0	0	**0**	1	0	**1**	0	1	**1**
Full-time	53	19	**72**	51	22	**73**	54	18	**72**
Part-time	0	0	**0**	0	0	**0**	0	0	**0**

Italy	31-12-20			31-12-19			31-12-18		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executive Manager									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	9	1	**10**	10	2	12	12	2	**14**
>50	18	1	**19**	17	0	17	16	0	**16**
Manager									
<30	0	0	**0**	0	2	2	0	0	**0**
30-50	10	7	**17**	11	7	18	11	5	**16**
>50	3	1	**4**	3	0	3	2	0	**2**
White collars									
<30	1	1	**2**	1	2	3	2	3	**5**
30-50	7	8	**15**	6	9	15	7	8	**15**
>50	5	0	**5**	3	0	3	4	0	**4**
Blue collars									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	0	0	**0**	0	0	**0**	0	0	**0**
>50	0	0	**0**	0	0	**0**	0	0	**0**

Iceland	31-12-20			31-12-19			31-12-18		
	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Employees	9	2	11	9	2	11	10	0	**10**
Contractors	0	0	0	0	0	**0**	0	0	**0**
Professional category									
Executives	0	0	0	0	0	**0**	0	0	**0**
Manager	1	0	1	1	0	1	1	0	**1**
White collars	2	1	3	2	1	3	2	0	**2**
Blue collars	6	1	7	6	1	7	7	0	**7**
Age range									
<30	1	1	2	0	1	1	0	0	**0**
30-50	5	0	5	6	0	6	10	0	**10**
>50	3	1	4	3	1	4	0	0	**0**
Type of contract									
Permanent	9	2	11	0	0	**0**	10	0	**10**
Temporary	0	0	0	0	0	**0**	0	0	**0**
Full-time	9	2	11	9	2	11	10	0	**10**
Part-time	0	0	0	0	0	**0**	0	0	**0**

Iceland	31-12-20			31-12-19			31-12-18		
	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Executive Manager									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	0	0	**0**	0	0	**0**	0	0	**0**
>50	0	0	**0**	0	0	**0**	0	0	**0**
Manager									
<30	1	0	**1**	0	0	**0**	0	0	**0**
30-50	0	0	**0**	1	0	1	1	0	**1**
>50	0	0	**0**	0	0	**0**	0	0	**0**
White collars									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	0	0	**0**	0	0	**0**	2	0	**2**
>50	2	1	**3**	2	1	3	0	0	**0**
Blue collars									
<30	0	1	**1**	0	1	1	0	0	**0**
30-50	5	0	**5**	5	0	5	7	0	**7**
>50	1	0	**1**	1	0	1	0	0	**0**

Poland	31-12-20			31-12-19			31-12-18		
	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Employees	5	2	**7**	5	3	**8**	5	3	**8**
Contractors	0	0	**0**	0	0	**0**	0	0	**0**
Professional category									
Executives	0	0	**0**	0	0	**0**	0	0	**0**
Manager	1	0	**1**	1	0	**1**	1	0	**1**
White collars	1	2	**3**	4	3	**7**	1	3	**4**
Blue collars	3	0	**3**	0	0	**0**	3	0	**3**
Age range									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	3	2	**5**	5	3	**8**	5	3	**8**
>50	2	0	**2**	0	0	**0**	0	0	**0**
Type of contract									
Permanent	5	2	**7**	5	3	**8**	5	3	**8**
Temporary	0	0	**0**	0	0	**0**	0	0	**0**
Full-time	5	2	**7**	5	3	**8**	5	3	**0**
Part-time	0	0	**0**	0	0	**0**	0	0	**0**

Poland	31-12-20			31-12-19			31-12-18		
	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Executive Manager									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	0	0	**0**	0	0	**0**	0	0	**0**
>50	0	0	**0**	0	0	**0**	0	0	**0**
Manager									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	0	0	**0**	1	0	1	1	0	**1**
>50	1	0	**1**	0	0	**0**	0	0	**0**
White collars									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	1	2	**3**	1	3	4	1	3	**4**
>50	0	0	**0**	0	0	**0**	0	0	**0**
Blue collars									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	2	0	**2**	3	0	3	3	0	**3**
>50	1	0	**1**	0	0	**0**	0	0	**0**

Russia	31-12-20			31-12-19			31-12-18		
	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Employees	1	0	**1**	1	0	**1**	1	0	**1**
Contractors	0	0	**0**	0	0	**0**	0	0	**0**
Professional category									
Executives	0	0	**0**	0	0	**0**	0	0	**0**
Manager	1	0	**1**	1	0	**1**	1	0	**1**
White collars	0	0	**0**	0	0	**0**	0	0	**0**
Blue collars	0	0	**0**	0	0	**0**	0	0	**0**
Age range									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	1	0	**1**	1	0	**1**	1	0	**1**
>50	0	0	**0**	0	0	**0**	0	0	**0**
Type of contract									
Permanent	1	0	**1**	1	0	**1**	1	0	**1**
Temporary	0	0	**0**	0	0	**0**	0	0	**0**
Full-time	1	0	**1**	1	0	**1**	1	0	**1**
Part-time	0	0	**0**	0	0	**0**	0	0	**0**

Russia	31-12-20			31-12-19			31-12-18		
	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Executive Manager									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	0	0	**0**	0	0	**0**	0	0	**0**
>50	0	0	**0**	0	0	**0**	0	0	**0**
Manager									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	1	0	1	1	0	1	1	0	**1**
>50	0	0	**0**	0	0	**0**	0	0	**0**
White collars									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	0	0	**0**	0	0	**0**	0	0	**0**
>50	0	0	**0**	0	0	**0**	0	0	**0**
Blue collars									
<30	0	0	**0**	0	0	**0**	0	0	**0**
30-50	0	0	**0**	0	0	**0**	0	0	**0**
>50	0	0	**0**	0	0	**0**	0	0	**0**

Australia	31-12-20			31-12-19			31-12-18		
	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Employees	5	0	5	4	0	4	3	0	**3**
Contractors	0	0	0	0	0	**0**	0	0	**0**
Professional category									
Executives	0	0	0	0	0	**0**	0	0	**0**
Manager	4	0	4	3	0	3	3	0	**3**
White collars	1	0	1	1	0	1	0	0	**0**
Blue collars	0	0	0	0	0	**0**	0	0	**0**
Age range							**0**	**0**	**0**
<30	0	0	0	0	0	**0**			
30-50	2	0	2	2	0	2	3	0	**3**
>50	3	0	3	2	0	2	0	0	**0**
Type of contract							**3**	**0**	**3**
Permanent	4	0	4	4	0	4			
Temporary	1	0	1	0	0	**0**	0	0	**0**
Full-time	5	0	5	4	0	4	3	0	**3**
Part-time	0	0	0	0	0	**0**	0	0	**0**

Australia	31-12-20			31-12-19		
	Men	Women	**Total**	Men	Women	**Total**
Executive Manager						
<30	0	0	**0**	0	0	**0**
30-50	0	0	**0**	0	0	**0**
>50	0	0	**0**	0	0	**0**
Manager						
<30	0	0	**0**	0	0	**0**
30-50	1	0	**1**	1	0	1
>50	3	0	**3**	2	0	2
White collars						
<30	0	0	**0**	0	0	**0**
30-50	1	0	**1**	1	0	1
>50	0	0	**0**	0	0	**0**
Blue collars						
<30	0	0	**0**	0	0	**0**
30-50	0	0	**0**	0	0	**0**
>50	0	0	**0**	0	0	**0**

Cementir data tables

CO_2 and energy

CO_2 emissions - Cement production	Unit	2020	2019	2018	GRI Ref
CO_2 eq. emissions (Scope 1)[20]	t	7,941,401	7,099,110	7,435,268	305-1
CO_2 eq. emissions (Scope 2)[21]	t	556,014	607,028	644,250	305-2
Total CO_2 eq. emissions	t	8,497,416	7,706,138	8,079,518	
CO_2 emissions Scope 1 - Grey cement[22]	kg CO_2/TCE	718	696		305-4
CO_2 emissions Scope 1 - White cement	kg CO_2/TCE	915	926		305-4

CO_2 emissions - Other activities[23]	Unit	2020	2019	2018	GRI Ref
CO_2 eq. emissions (Scope 1)	t	35,831	62,740	57,771	305-1
CO_2 eq. emissions (Scope 2)	t	16,213	23,086	24,669	305-2
Total CO_2 eq. emissions	t	52,044	85,826	82,440	

Fossil fuel replacement index	Unit	2020	2019	2018	GRI Ref
% of fossil fuel replacement (white and grey combined)	%	19%	20%	20%	302-3
% of fossil fuel replacement (only grey cement)	%	28%	31%	29%	302-3
% of fossil fuel replacement (only white cement)	%	3%	3%	2%	302-3

[20] Direct emissions from our operations: decarbonation of raw materials and fuel consumption for cement production.
[21] Indirect emissions from the generation of purchased electricity consumed by the company's owned or controlled equipment.
[22] Reported as Kg CO_2 per Total Cement equivalent (TCE). TCE is an indicator related to the plant's production of clinker, calculated based on the produced clinker and on the average clinker/cement ratio for the year.
23 In the other activities are included: ready-mix concrete, production of aggregates, production of concrete prefabricated products and waste collection and treatment

Fossil fuel consumption for cement production					
Type	**Unit**	**2020**	**2019**	**2018**	**GRI Ref**
Coal	GJ	5,682,239	7,371,459	6,879,121	302-1
Petroleum coke	GJ	20,152,510	17,955,038	19,192,152	302-1
Fuel oil	GJ	368,464	320,529	372,176	302-1
Lignite	GJ	3,074,765	352,409	441,457	302-1
Gas oil	GJ	0	108,948	100,617	302-1
LPG	GJ	194	814	1,020	302-1
Natural gas	GJ	1,789,485	1,756,882	1,626,930	302-1
District heating	GJ	26,386	8,110	15,408	302-1
Total	**GJ**	**31,094,042**	**27,874,189**	**28,628,882**	

Fossil fuel consumption for white and grey cement production						
Type	**Unit**	**White**	**Grey**	**White**	**Grey**	**GRI Ref**
		2020	**2020**	**2019**	**2019**	
Coal	GJ	0	5,682,239	14,369	7,357,090	302-1
Petroleum coke	GJ	11,956,158	8,196,352	11,747,268	6,207,771	302-1
Fuel oil	GJ	160,914	207,550	124,472	196,057	302-1
Lignite	GJ	0	3,074,765	0	352,409	302-1
Gas oil	GJ	0	0	64,806	44,142	302-1
LPG	GJ	0	194	814	0	302-1
Natural gas	GJ	1,789,485	0	1,756,882	0	302-1
District heating	GJ	0	26,386	0	8,110	302-1
Total	**GJ**	**13,906,557**	**17,187,485**	**13,708,610**	**14,165,579**	302-1

Alternative fuel consumption for cement production					
Type	Unit	2020	**2019**	**2018**	**GRI Ref**
Used oil	GJ	161,074	248,053	200,492	302-1
Rubbers and plastics	GJ	58,364	58,677	40,031	302-1
Tyres	GJ	673,873	431,120	223,916	302-1
Paper/cardboard/wood	GJ	133,327	158,010	181,574	302-1
Meat and bone meal	GJ	1,187,248	1,109,985	998,137	302-1
Dry sewage sludge	GJ	41,672	52,319	123,057	302-1
RDF and SRF	GJ	4,787,849	4,608,513	5,132,148	302-1
Sunflower oil	GJ	41,856	89,395	76,977	302-1
Other alternative fuels	GJ	110,799	60,336	162,360	302-1
Total	**GJ**	**7,196,062**	**6,816,410**	**7,138,692**	302-1

Alternative fuel consumption for white and grey cement production						
Type	Unit	White	Grey	White	Grey	GRI Ref
		2020	2020	2019	2019	
Used oil	GJ	0	161,074	-	248,053	302-1
Rubbers and plastics	GJ	0	58,364	-	58,677	302-1
Tyres	GJ	0	673,873	-	431,12	302-1
Paper/cardboard/wood	GJ	0	133,327	-	158,010	302-1
Meat and bone meal	GJ	388,854	798,394	325,911	784,074	302-1
Dry sewage sludge	GJ	0	41,672	-	52,319	302-1
RDF and SRF	GJ	0	4,787,849	-	4,608,513	302-1
Sunflower oil	GJ	0	41,856	-	89,395	302-1
Other alternative fuels	GJ	0	110,799	30,990	29,346	302-1
Total	**GJ**	**388,854**	**6,807,208**	**356,901**	**6,459,509**	302-1

Cement production fuel mix					
Type	Unit	2020	2019	2018	GRI Ref
Coal	%	15%	21%	19%	302-3
Petroleum coke	%	53%	52%	54%	302-3
Fuel oil	%	1%	1%	1%	302-3
Lignite	%	8%	1%	1%	302-3
Gas oil	%	0%	0%	0%	302-3
LPG	%	0%	0%	0%	302-3
Natural gas	%	5%	5%	5%	302-3
District heating	%	0%	0%	0%	302-3
Used oil	%	0%	1%	1%	302-3
Rubbers and plastics	%	0%	0%	0%	302-3
Tyres	%	2%	1%	1%	302-3
Paper/cardboard/wood	%	0%	0%	1%	302-3
Meat and bone meal	%	3%	3%	3%	302-3
Dry sewage sludge	%	0%	0%	0%	302-3
RDF and SRF	%	13%	13%	14%	302-3
Sunflower oil	%	0%	0%	0%	302-3
Other alternative fuels	%	0%	0%	0%	302-3
Total		100%	100%	100%	

Cement fuel mix - Recap	Unit	2020	2019	2018	GRI Ref
Coal	%	23%	22%	20%	302-3
Petroleum coke	%	53%	52%	54%	302-3
Oil	%	1%	1%	1%	302-3
Natural Gas	%	5%	5%	5%	302-3
Alternative fuels (without biomass)	%	11%	12%	12%	302-3
Biomass	%	8%	8%	8%	302-3
Total		100%	100%	100%	302-3

Energy consumed to produce cement					
Type	**Unit**	**2020**	**2019**	**2018**	**GRI Ref**
Thermal energy	GJ	38,290,104	34,690,599	35,767,574	302-1
of which: from alternative fuel	GJ	7,196,062	6,816,410	7,138,691	302-1
Thermal energy sold	GJ	-1,787,593	-1,521,827	-1,185,306	302-1
Electricity	GJ	4,560,025	4,278,324	4,323,044	302-1
Total energy	**GJ**	**41,062,536**	**37,447,096**	**38,905,312**	302-1
Thermal energy per t of Total Cement Equivalent	GJ/TCE	3.71	3.72	3.52	302-3
Thermal energy produced by alternative sources per t of Total Cement Equivalent	GJ/TCE	0.70	0.73	0.73	302-3
Electricity per t of Total Cement Equivalent	GJ/TCE	0.44	0.45	0.44	302-3
Total energy per t of Total Cement Equivalent	GJ/TCE	3.97	4.02	3.96	302-3

Energy consumed for white and grey cement production						
Type	**Unit**	**White**	**Grey**	**White**	**Grey**	
		2020	**2020**	**2019**	**2019**	**GRI Ref**
Thermal energy	GJ	14,295,411	23,994,693	14,065,511	20,625,088	302-1
of which: from alternative fuel	GJ	388,854	6,807,208	356,901	6,459,509	302-1
Thermal energy sold[24]	GJ	-1,787,593	0	-1,521,827	0	302-1
Electricity	GJ	1,293,361	3,266,664	1,280,579	2,997,745	302-1
Total energy	**GJ**	**13,801,179**	**27,261,357**	**13,824,264**	**23,622,832**	302-1
Thermal energy per t of Total Cement Equivalent	GJ/TCE	5.36	3.13	5.29	3.09	302-3
Thermal energy produced by alternative sources per t of Total Cement Equivalent	GJ/TCE	0.15	0.89	0.13	0.97	302-3
Electricity per t of Total Cement Equivalent	GJ/TCE	0.49	0.43	0.48	0.45	302-3
Total energy per t of Total Cement Equivalent	GJ/TCE	5.18	3.56	5.20	3.54	302-3

[24] The Aalborg plant recovers excess heat from cement production to provide district heating to local inhabitants.

Energy consumed to produce ready-mixed concrete					
Type	**Unit**	**2020**	**2019**	**2018**	**GRI Ref**
Thermal energy	GJ	272,752	284,705	292,341	302-1
Electricity	GJ	97,292	69,983	77,729	302-1
Total energy	**GJ**	**370,044**	**354,688**	**370,070**	**302-1**
Thermal energy per t of ready-mixed concrete	GJ/t	0.03	0.03	0.03	302-3
Electricity per t of ready-mixed concrete	GJ/t	0.01	0.01	0.009	302-3
Total energy per t of ready-mixed concrete	**GJ/t**	**0.04**	**0.03**	**0.04**	**302-3**

Energy usage of other activities					
Type	**Unit**	**2020**	**2019**	**2018**	**GRI Ref**
Thermal energy	GJ	217,755	207,512.90	205,619.67	302-1
Electricity	GJ	128,430	60,628.73	65,538.27	302-1
Total energy	**GJ**	**346,185**	**268,141.63**	**271,157.94**	302-1
Thermal energy per t of product made	GJ/t	0.01	0.01	0.02	302-3
Electricity per t of product made	GJ/t	0.01	0.01	0.01	302-3
Total energy per t of product made	**GJ/t**	**0.02**	**0.02**	**0.03**	302-3

Energy used in the waste management sector					
Type	**Unit**	**2020**	**2019**	**2018**	**GRI Ref**
Thermal energy	GJ	14,096	20,990.69	19,532.92	302-1
Electricity	GJ	19,797	29,437.94	30,492.00	302-1
Total energy	**GJ**	**33,893**	**50,428.63**	**50,024.92**	302-1
Thermal energy per t of waste collected	GJ/t	0.05	0.05	0.05	302-3
Electricity per t of waste collected	GJ/t	0.08	0.07	0.08	302-3
Total energy per t of waste collected	**GJ/t**	**0.13**	**0.12**	**0.13**	302-3

Materials used					
Raw materials used in cement production	**Unit**	**2020**	**2019**	**2018**	**GRI Ref**
Non-renewable raw materials	t	15,148,632	13,357,195	13,979,467	301-1
Renewable raw materials	t	1,563,285	1,576,012	1,654,361	301-1
Total	**t**	**16,711,917**	**14,933,207**	**15,633,828**	301-1
Renewable raw materials as a percentage of total raw materials used	%	90.65%	11.80%	11.80%	301-2

Non-renewable raw materials used in cement production	Unit	2020	2019	2018	GRI Ref
Limestone	t	12,103,107	11,190,862	11,525,227	301-1
Clay	t	1,063,405	890,370	1,033,118	301-1
Gypsum	t	324,515	324,297	345,84	301-1
Marl	t	498,706	414,799	531,685	301-1
Sand	t	299,973	272,549	263,986	301-1
Pozzolana	t	191,107	132,696	153,774	301-1
Admixtures	t	44,977	16,106	15,900	301-1
Auxiliaries	t	3	895	847	301-1
Stone	t	0	30,477	-	301-1
Calcium fluoride	t	36,431	10,671	19,735	301-1
Bauxite	t	5,916	11,012	18,774	301-1
Iron ore	t	75,768	19,223	40,072	301-1
Other residual materials	t	504,725	43,228	30,509	301-1
Total	**t**	**15,148,632**	**13,357,195**	**13,979,467**	301-1

Renewable materials used in cement production	Unit	2020	2019	2018	GRI Ref
Fly ash	t	320,633	365,428	507,406	301-1
FGD gypsum	t	89,823	106,642	86,967	301-1
Iron oxide	t	24,715	104,302	120,847	301-1
Blast-furnace slag	t	230,862	239,079	267,360	301-1
Recovered limestone	t	164,929	267,110	187,289	301-1
Excavated stone (clay replacement)	t	189,230	163,351	195,186	301-1
Other materials	t	543,093	330,100	289,307	301-1
Total	**t**	**1,563,285**	**1,576,012**	**1,654,362**	301-1

Raw materials used in the production of ready-mixed concrete	Unit	2020	2019	2018	GRI Ref
Non-renewable raw materials	t	9,501,881	8,726,530	10,095,137	301-1
Renewable raw materials	t	105,969	113,418	152,347	301-1
Total	**t**	**9,607,850**	**8,839,948**	**10,247,484**	301-1
Renewable raw materials as a percentage of total raw materials used	**%**	**1%**	**1%**	**2%**	301-2

Non-renewable raw materials used in ready-mixed concrete production	Unit	2020	2019	2018	GRI Ref
Limestone	t	0	3,452	-	301-1
Sand	t	3,020,365	3,090,992	3,177,730	301-1
Admixtures	t	15,832	25,873	18,330	301-1
Auxiliaries	t	7	-	1,625	301-1
Cement	t	1,326,955	1,240,087	1,440,518	301-1
Stones	t	5,135,275	4,363,130	5,456,935	301-1
Clay	t	0	-	-	301-1
Aggregates	t	0	-	-	301-1
Steel Fibre	t	2,875	2,696	-	301-1
Basalt Fibre	t	0	4	-	301-1
Plastic macro fibre	t	178	211	-	301-1
Colour pigment	t	142	85	-	301-1
Other materials	t	252	0	0	301-1
Total	**t**	**9,501,881**	**8,726,530**	**10,095,138**	301-1

Renewable materials used in ready-mixed concrete production	Unit	2020	2019	2018	GRI Ref
Fly ash	t	95,010	100,665	140,970	301-1
Microsilica	t	10,819	12,754	11,377	301-1
Blast-furnace slag	t	140	0	0	301-1
Total	**t**	**105,969**	**113,418**	**152,347**	301-1

Non-renewable raw materials other production activities	Unit	2020	2019	2018	GRI Ref
Limestone	t	0	0	0	301-1
Sand	t	39,700	56,576	83,973	301-1
Auxiliaries and admixtures	t	140	67	56	301-1
Cement	t	12,434	12,571	12,317	301-1
Stones	t	25,902	25,375	23,778	301-1
Steel	t	2,204	1,965	1,708	301-1
Total	**t**	**80,380**	**96,554**	**121,832**	301-1

Air emissions					
Air emissions for cement production	Unit	2020	2019	2018	GRI Ref
NOx	t	11,859	9,598	9,119	305-7
SOx	t	2,032	1,431	1,427	305-7
Dust	t	680	348	439	305-7

Coefficients of emissions Cement production	Unit	2020	2019	2018	GRI Ref
NOx	kg/TCE	1.15	0.98	0.93	305-7
SO2	gr/TCE	197	146	145	305-7
Dust	gr/TCE	66	35	45	305-7

Coverage of Emissions	Unit	2020	2019	2018	GRI Ref
NOx: continuous measurement[25]	%	100%	96%	Not reported	
SOx: continuous measurement[26]	%	100%	96%	Not reported	
Dust: continuous measurement[27]	%	100%	95%	Not reported	

[25] Percentage of clinker produced by kilns with continuous measurement of NOx.
[26] Percentage of clinker produced by kilns with continuous measurement of SOx.
[27] Percentage of clinker produced by kilns with continuous measurement of dust.

Recycling and waste Waste generated from cement production by destination	Unit	2020	2019	2018	GRI Ref
Non-hazardous waste					
Recycling	t	250,465	112,017	128,312	306-2
Incineration	t	170	406	703	306-2
Landfill	t	12,314	24,611	73,895	306-2
Total non-hazardous waste	**t**	**262,948**	**137,034**	**202,910**	306-2
Hazardous waste					
Recycling	t	358	253	277	306-2
Incineration	t	46	51	59	306-2
Landfill	t	0	211,375	57	306-2
Oils and chemical waste	t	86	97	86	306-2
Total hazardous waste	**t**	**490**	**211,777**	**479**	306-2
Total waste	**t**	**263,438**	**348,811**	**203,388**	306-2

Waste generated from ready-mixed concrete production by destination	Unit	2020	2019	2018	GRI Ref
Non-hazardous					
Recycling	t	165,445	317,755	199,471	306-2
Incineration	t	243	328	297	306-2
Landfill	t	65,611	47,466	67,681	306-2
Total non-hazardous waste	**t**	**231,299**	**365,549**	**267,448**	306-2
Hazardous waste					
Recycling	t	6	4	15	306-2
Incineration	t	4	1	2	306-2
Landfill	t	0	2	1	306-2
Oils and chemical waste	t	103	120	100	306-2
Total hazardous waste	**t**	**113**	**126**	**118**	306-2
Total waste	**t**	**231,413**	**365,675**	**267,566**	306-2

Waste generated from other processes by destination	Unit	2020	2019	2018	GRI Ref
Non-hazardous					
Recycling	t	2,061	38,1	7	306-2
Incineration	t	31	34,7	21	306-2
Landfill	t	0	60,0	-	306-2
Total non-hazardous waste	**t**	**2,092**	**132,9**	**28**	306-2
Hazardous					
Recycling	t	10	3,8	4	306-2
Incineration	t	5	9,3	5	306-2
Landfill	t	0	-	-	306-2
Oils and chemical waste	t	107	128,4	159	306-2
Total hazardous waste	**t**	**121**	**141,5**	**168**	306-2
Total waste	**t**	**2,213**	**274,4**	**196**	306-2

Waste processed[28]	Unit	2020	2019	2018	GRI Ref
Solid urban waste	t	110,659	230,943	260,671	
Industrial waste	t	148,879	189,411	134,213	
Total	**t**	**259,537**	**420,354**	**394,884**	

Recycled material produced	Unit	2020	2019	2018	GRI Ref
Ferrous material	t	1,843	2,316	2,930	
Plastic	t	527	1,807	4,908	
Aluminium	t	672	966	1,156	
Other materials	t	4,389	1,668	1,348	
Total	**t**	**7,430**	**6,757**	**10,342**	

Alternative fuel produced	Unit	2020	2019	2018	GRI Ref
Refuse-derived fuel	t	14,335	16,223	21,890	
Solid recovered fuel	t	64,772	84,297	83,589	
Total	**t**	**79,106**	**100,520**	**105,479**	

[28] Waste processed by the waste business unit. In June 2020, Cementir sold the fixed equipment of Hereko, the division operating in the processing of municipal solid waste in Istanbul.

Water withdrawals for cement production	Unit	2020	2019	2018	GRI Ref
Surface water	m3	716,207	541,169	605,628	303-3
Ground water	m3	4,521,234	4,900,899	4,366,530	303-3
Rainwater	m3	583,479	717,163	693,603	303-3
Public aqueduct	m3	92,889	309,772	288,155	303-3
Other sources	m3	2,714,976	2,602,775	2,602,211	303-3
Total	**m3**	**8,628,786**	**9,071,778**	**8,556,127**	303-3

Water withdrawals for cement production	Unit	2020	2019	2018	GRI Ref
Volume of reused water	m3	3,428,782	3,100,141	2,576,684	303-3
% of reused water	%	40%	34%	30%	303-3

Water withdrawals in water stressed area[29]	Unit	2020	2019	2018	GRI Ref
Total Water	%	31%	not reported	not reported	303-5

Water withdrawals for ready-mixed concrete production	Unit	2020	2019	2018	GRI Ref
Surface water	m3	47,800	67,272	37,683	303-3
Ground water	m3	293,852	238,633	563,235	303-3
Rainwater	m3	99,620	110,210	84,458	303-3
Public aqueduct	m3	245,419	340,350	361,758	303-3
Others	m3	93,213	0	0	303-3
Total	**m3**	**779,904**	**756,465**	**1,047,134**	303-3

Water reuse in ready-mixed concrete production	Unit	2020	2019	2018	GRI Ref
Volume of reused water	m3	127,617	60,915	85,246	303-3
% of reused water	**%**	**16%**	**8%**	**8%**	303-3

[29] Using the WRI Aqueduct Tool https://www.wri.org/aqueduct (A high water stressed area is defined as having a baseline water stress greater than 40%.)

Health and Safety - Employees	Unit	2020	2019	2018	GRI Ref
TRIR (Total Recordable Injury Rate)	**n**	**20.1**	**16.7**	**18.2**	**403-9**
Cement	n	18.0	12.5	16.2	403-9
RMC	n	16.9	23.8	19.1	403-9
Aggregates	n	37.6	9.9	10.1	403-9
Waste	n	64.6	45.3	81.9	403-9
Other	n	12.3	13.4	10.5	403-9
Fatalities	**n**	**0.0**	**0.0**	**0.0**	**403-10**
Cement	n	0.0	0.0	0.0	403-10
RMC	n	0.0	0.0	0.0	403-10
Aggregates	n	0.0	0.0	0.0	403-10
Waste	n	0.0	0.0	0.0	403-10
Other	n	0.0	0.0	0.0	403-10
Fatality Rate	**n**	**0.0**	**0.0**	**0.0**	**403-10**
Cement	n	0.0	0.0	0.0	403-10
RMC	n	0.0	0.0	0.0	403-10
Aggregates	n	0.0	0.0	0.0	403-10
Waste	n	0.0	0.0	0.0	403-10
Other	n	0.0	0.0	0.0	403-10
High-Consequence Work-Related Injuries Rate (excluding fatalities)	**n**	**0.00**	**0.17**	**0.17**	**403-9**
Cement	n	0.00	0.00	0.00	403-9
RMC	n	0.00	0.00	0.66	403-9
Aggregates	n	0.00	0.00	0.00	403-9
Waste	n	0.00	3.77	0.00	403-9
Other	n	0.00	0.00	0.00	403-9
LTI FR (Lost-Time Injury Frequency Rate)	**n**	**11.0**	**10.4**	**12.0**	**403-9**
Cement	n	9.1	9.1	10.7	403-9
RMC	n	14.0	16.1	18.4	403-9
Aggregates	n	17.1	6.6	6.7	403-9
Waste	n	24.8	11.3	0.0	403-9
Other	n	3.1	2.7	7.8	403-9

Health and Safety - Employees	Unit	2020	2019	2018	GRI Ref
LTI SR (Lost-Time Injury Severity Rate)	**n**	**0.16**	**0.27**	**0.20**	403-9
Cement	n	0.12	0.25	0.14	403-9
RMC	n	0.28	0.35	0.39	403-9
Aggregates	n	0.28	0.08	0.08	403-9
Waste	n	0.03	0.65	0.00	403-9
Other	n	0.01	0.01	0.15	403-9
Near Miss	**n**	**446**	**526**	**478**	403-9
Cement	n	182	368	245	403-9
RMC	n	230	129	210	403-9
Aggregates	n	27	17	22	403-9
Waste	n	4	8	0	403-9
Other	n	3	4	1	403-9
OIFR (Occupational Illness Frequency Rate)	**n**	**0.0**	**0.5**	**0.3**	403-10
Man-hours worked (millions of hours)	**n**	**5.5**	**5.9**	**5.8**	403-9
Cement	n	3.3	3.5	3.4	403-9
RMC	n	1.4	1.4	1.5	403-9
Aggregates	n	0.3	0.3	0.3	403-9
Waste	n	0.2	0.3	0.2	403-9
Other	n	0.3	0.4	0.4	403-9

Health and safety - Contractors	Unit	2020	2019	2018	GRI Ref
TRIR (Total Recordable Injury Rate), on site	n	8.5	10.7	10.5	403-9
Cement	n	7.1	10.6	8.6	403-9
RMC	n	9.7	12.0	17.4	403-9
Aggregates	n	27.2	16.1	0.0	403-9
Waste	n	15.1	0.0	0.0	403-9
Other	n	0.0	0.0	0.0	403-9
Fatalities	n	2	1	0	403-10
Cement	n	1	0	0	403-10
RMC	n	1	0	0	403-10
Aggregates	n	0	1	0	403-10
Waste	n	0	0	0	403-10
Other	n	0	0	0	403-10
Fatality Rate	n	0.55	0.28	0.00	403-10
Cement	n	0.42	0.00	0.00	403-10
RMC	n	0.97	0.00	0.00	403-10
Aggregates	n	0.00	8.06	0.00	403-10
Waste	n	0.00	0.00	0.00	403-10
Other	n	0.00	0.00	0.00	403-10
LTI FR (Lost-Time Injury Frequency Rate) on site	n	6.0	6.7	4.5	403-9
Cement	n	6.2	5.3	3.7	403-9
RMC	n	3.9	8.4	6.1	403-9
Aggregates	n	18.2	16.1	8.4	403-9
Waste	n	15.1	16.3	0.0	403-9
Other	n	0.0	0.0	0.0	403-9
LTI SR (Lost-Time Injury Severity Rate) on site	n	0.09	0.09	0.08	403-9
Cement	n	0.10	0.08	0.09	403-9
RMC	n	0.08	0.09	0.06	403-9
Aggregates	n	0.09	0.24	0.00	403-9
Waste	n	0.05	0.06	0.00	403-9
Other	n	0.00	0.00	0.00	403-9
Man-hours worked on site (millions of hours)	n	3.6	3.6	3.8	403-9
Cement	n	2.4	2.5	2.7	403-9
RMC	n	1.0	0.8	1.0	403-9
Aggregates	n	0.1	0.1	0.1	403-9
Waste	n	0.1	0.1	0.0	403-9
Other	n	0.0	0.0	0.0	403-9

Turnover rate	Unit	2020	2019	2018	GRI Ref
		Total	Total	Total	
Overall employee turnover rate	%	12%	14%	Not Reported	401-1

Hours of training	Unit	2020	2019	2018	GRI Ref
		Total	Total	Total	
Executives	h/per	8.0	19.9	22.1	404-1
Manager	h/per	17.4	18.8	20.3	404-1
White-collar	h/per	12.7	21.5	18.8	404-1
Blue-collar	h/per	10.4	14.1	21.3	404-1
Total	**h/per**	11.7	16.8	20.5	404-1

Biodiversity	n	2020	2019	2018	GRI Ref
Quarry with rehabilitation plan in place	%	95	Not Reported	Not Reported	304-1

Human rights	n	2020	2019	2018	GRI Ref
Human rights assessment	%	79	Not Reported	Not Reported	412-1

Communities	n	2020	2019	2018	GRI Ref
Thermal energy provided to the Aalborg municipality	GJ	1,787,593	1,521,827	1,185,306	412-1

GRI content index

GRI Standard	Disclosure	Number of page or link	Omissions and notes
General Disclosure			
GRI 102: General Disclosures	102-1 Name of the organization	Cementir Holding	-
	102-2 Activities, brands, products, and services	'Our presence around the world' 'Our brands'	-
	102-3 Location of headquarters	Roma - Corso di Francia 200	-
	102-4 Location of operations	'Our presence around the world'	-
	102-5 Ownership and legal form	'The Corporate Governance system'	-
	102-6 Markets served	'Our presence around the world' 'Our brands'	-
	102-7 Scale of the organization	'The Cementir Group'	-
	102-8 Information on employees and other workers	'Workforce number and composition'	-
	102-9 Supply chain	'How cement is made'	-
	102-10 Significant changes to the organization and its supply chain	'The Cementir Group' 'Methodology note'	-
	102-11 Precautionary Principle or approach	'Internal control and risk management risk'	-
	102-12 External initiatives	'Our vision for a net zero world'	-
	102-13 Membership of associations	The Company is member of several national and international associations related to its business, in almost all the countries where its market is developing	-
	102-14 Statement from senior decision-maker	'Letter to the Stakeholder'	-
	102-16 Values, principles, standards, and norms of behaviour	'Governance'	-
	102-18 Governance structure	'The Cementir Group' and any reference to the Financial Report	-
	102-40 List of stakeholder groups	'Group's stakeholders'	-
	102-41 Collective bargaining agreements	'Industrial relations'	-
	102-42 Identifying and selecting stakeholders	'Group's stakeholders'	-
	102-43 Approach to stakeholder engagement	'Group's stakeholders' 'We support our communities'	-
	102-44 Key topics and concerns raised	'Group's stakeholders' 'We support our communities'	-
	102-45 Entities included in the consolidated financial statements	'Methodology note'	-
	102-46 Defining report content and topic Boundaries	'Methodology note'	-
	102-47 List of material topics	'Methodology note'	-
	102-48 Restatements of information	'Methodology note'	-
	102-49 Changes in reporting	'Methodology note'	-
	102-50 Reporting period	'Methodology note'	-
	102-51 Date of most recent report	'Methodology note'	-
	102-52 Reporting cycle	'Methodology note'	-
	102-53 Contact point for questions regarding the report	communication@cementirholding.it	-
	102-54 Claims of reporting in accordance with the GRI Standards	'Methodology note'	-
	102-55 GRI content index	'GRI Content Index'	-

GRI Standard	Disclosure	Number of page or link	Omissions and notes
	102-56 External assurance	Independent auditor's report on the Consolidated Non-Financial Statement	-
Material Topics			
Economic Performance (Business performances, expansion and consolidation)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	'Methodology note' 'Earnings and financial results' 'The economic value generated and distributed'	-
	103-2 The management approach and its components	'Earnings and financial results 'The economic value generated and distributed'	-
	103-3 Evaluation of the management approach	'Earnings and financial results 'The economic value generated and distributed'	-
GRI 201: Economic Performances	201-1 Direct economic value generated and distributed	'Economic value generated and distributed'	-
Anti-corruption (Ethics, Anti-corruption and Compliance; Transparency and Accountability)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	'Methodology note' 'Governance' 'The commitment to fighting corruption'	-
	103-2 The management approach and its components	'Governance' 'The commitment to fighting corruption'	-
	103-3 Evaluation of the management approach	'Governance' 'The commitment to fighting corruption'	-
GRI 205: Anti-corruption	205-3 Confirmed incidents of corruption and actions taken	'The commitment to fighting corruption'	-
Anti-competitive behaviour (Fair Competition; Transparency and Accountability)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	'Methodology note' 'Governance' 'Integrity and competition'	-
	103-2 The management approach and its components	'Governance' 'Integrity and competition'	-
	103-3 Evaluation of the management approach	'Governance' 'Integrity and competition'	-
GRI 206: Anti-competitive behaviour	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	'Governance' 'Integrity and competition'	-
GRI 207: Tax	Disclosure 207-1 Approach to tax	'Cementir's approach to taxes'	
	Disclosure 207-2 Tax governance, control, and risk management	'Cementir's approach to taxes'	
	Disclosure 207-3 Stakeholder engagement and management of concerns related to tax	'Cementir's approach to taxes'	
	Disclosure 207-4 Country-by-country reporting	'Cementir's approach to taxes'	The Group is committed to developing a structured process that will allow, in 2021, to disclose the quantitative information foreseen by GRI 207-4 concerning the "country-by-country" reporting".

GRI Standard	Disclosure	Number of page or link	Omissions
Materials (Use of alternative fuels and materials)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	'Methodology note' 'In waste we see resources'	-
	103-2 The management approach and its components	'In waste we see resources' 'The use of alternative fuels' 'Alternative raw materials'	-
	103-3 Evaluation of the management approach	'In waste we see resources' 'Use of alternative fuels' 'Alternative raw materials'	-
GRI 301: Materials	301-1 Materials used by weight or volume	'Alternative raw materials'	-
Energy (Use of alternative fuels and materials; Climate Change)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	'Methodology note' 'In waste we see resources' 'We respect the environment in all our operations'	-
	103-2 The management approach and its components	'In waste we see resources' 'We respect the environment in all our operations'	-
	103-3 Evaluation of the management approach	'In waste we see resources' 'We respect the environment in all our operations'	-
GRI 302: Energy	302-1 Energy consumption within the organization	'Energy consumption' 'Use of alternative fuels'	-
	302-3 Energy intensity	'Energy consumption'	-
Water (Water management)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	'Methodology note' 'We respect the environment in all our operations'	-
	103-2 The management approach and its components	'We respect the environment in all our operations'	-
	103-3 Evaluation of the management approach	'We respect the environment in all our operations'	-
GRI 303: Water and Effluents	303-1 Interactions with water as a shared resource	'Water consumption'	-
	303-2 Management of water discharge-related impacts	Water consumption'	
	303-3 Water withdrawal	'Water consumption'	

GRI Standard	Disclosure	Number of page or link	Omissions
Emissions (Climate Change; Channeled emissions)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	'Methodology note' 'We respect the environment in all our operations' '10 Year Roadmap'	-
	103-2 The management approach and its components	'We respect the environment in all our operations' '10 Year Roadmap'	-
	103-3 Evaluation of the management approach	'We respect the environment in all our operations' '10 Year Roadmap'	-
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	'CO_2 emissions'	-
	305-2 Energy indirect (Scope 2) GHG emissions	'CO_2 emissions'	-
	305-4 GHG emissions intensity	'CO_2 emissions'	-
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	'Other air emissions'	-
Employment (People management and development)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	'Methodology note' 'We value our people'	-
	103-2 The management approach and its components	'We value our people'	-
	103-3 Evaluation of the management approach	'We value our people'	-
GRI 401: Employment	401-1 New employee hires and employee turnover	'Workforce number and composition'	
Labor/Management relations (Industrial Relations)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	'Methodology note' 'We value our people'	-
	103-2 The management approach and its components	'We value our people'	-
	103-3 Evaluation of the management approach	'We value our people'	-
GRI 402: Labor/Management relations	402-1 Minimum notice periods regarding operational changes	'Industrial relations'	-
Occupational Health & Safety (Health & Safety)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	'Methodological note' 'We value our people'	-
	103-2 The management approach and its components	'We value our people'	-
	103-3 Evaluation of the management approach	'We value our people'	-
GRI 403: Occupational Health & Safety	403-1 Occupational health and safety management system	'Concretely Safe'	
	403-2 Hazard identification, risk assessment, and incident investigation	'Concretely Safe'	

GRI Standard	Disclosure	Number of page or link	Omissions
Occupational Health & Safety (Health & Safety)			
GRI 403 (2018): Occupational Health & Safety	403-3 Occupational health services	'Concretamente sicuro'	
	403-4 Worker participation, consultation, and communication on occupational health and safety	'Concretely Safe'	
	403-5 Worker training on occupational health and safety	'Concretely Safe'	
	403-6 Promotion of worker health	'COVID-19 emergency management system' 'Concretely Safe'	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	'Concretely Safe'	
	403-9 "Work-related injuries	'Concretely Safe'	

GRI Standard	Disclosure	Number of page or link	Omissions
Training and education (People management and development)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	'Methodology note' 'We value our people'	-
	103-2 The management approach and its components	'We value our people'	-
	103-3 Evaluation of the management approach	'We value our people'	-
GRI 404: Training and education	404-1 Average hours of training per year per employee	'We value our people'	The section dedicated to the subject, specifically indicates limits to the scope
	404-2 Programs for upgrading employee skills and transition assistance programs	'We value our people'	-
	404-3 Percentage of employees receiving regular performance and career development reviews	'We value our people'	The section dedicated to the subject, specifically indicates limits to the scope
Diversity and Equal Opportunity (Diversity Management)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	'Methodology note' 'We value our people'	-
	103-2 The management approach and its components	'We value our people'	-
	103-3 Evaluation of the management approach	'We value our people'	-
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	'Diversity and inclusion' 'Appendix'	
Non-discrimination (Human Rights)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	'Methodology note' 'We value our people' 'Diversity and inclusion'	-
	103-2 The management approach and its components	'We value our people' 'Diversity and inclusion'	-
	103-3 Evaluation of the management approach	'We value our people'	-
GRI 406: Non discrimination	406-1 Incidents of discrimination and corrective actions taken	In 2020, no reports or complaints were received concerning possible discrimination in the workplace.	-
Local Communities (Community Engagement)			
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	'Methodology note' 'We support our communities'	-
	103-2 The management approach and its components	'We support our communities'	-
	103-3 Evaluation of the management approach	'We support our communities'	-
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	'Dialogue and support of local communities'	Qualitative description of the involvement of local communities and of the programmes developed
	413-2 Operations with significant actual and potential negative impacts on local communities	'Dialogue and support for local communities'	-

GRI Standard	Disclosure	Number of page or link	Omissions
Customer Management			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	'Methodology note' 'Customer management'	-
	103-2 The management approach and its components	'Leader in white cement'	-
	103-3 Evaluation of the management approach	'Leader in white cement'	-
N/A	No disclosure of the GRI applicable. The document presents a qualitative description of the subject and actions taken by the Group	'Leader in white cement'	-
White Cement applications and quality			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	'Methodology note' 'Leader in white cement'	-
	103-2 The management approach and its components	'Leader in white cement'	-
	103-3 Evaluation of the management approach	'Leader in white cement'	-
N/A	No disclosure of the GRI applicable. The document presents a qualitative description of the subject and actions taken by the Group	'Leader in white cement'	-
Innovation			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	'Methodology note' 'How cement is made'	-
	103-2 The management approach and its components	'How cement is made'	-
	103-3 Evaluation of the management approach	'How cement is made'	-
N/A	No disclosure of the GRI applicable. The document presents a qualitative description of the subject and actions taken by the Group	'How cement is made'	-
Logistics and Supply Chain			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	'Methodology note'	-
	103-2 The management approach and its components	'Methodology note' 'How cement is made'	-
	103-3 Evaluation of the management approach	'Methodology note' 'How cement is made'	-
N/A	No specific disclosure of the GRI is associated to the topic. Nevertheless, the number of incidents and injuries occurred to the people involved in logistics are reported (please see the Disclosure 403-2).	'Concretely safe'	-

Rome, 9 March 2021

Francesco Caltagirone, Jr.

Chairman of the Board of Directors

(Signed on the original)

Glossary

Cement equivalent (TCE – Ton(s) of Cement Equivalent): An indicator related to the plant's production of clinker, calculated based on the produced clinker and on the average clinker/cement ratio for the year.

CO_2: An acidic oxide (anhydride) formed by a carbon atom bound to two oxygen atoms. Colourless, odourless and tasteless gas, heavier than air, which is formed in all the processes of combustion, respiration and decomposition of organic material, due to the total oxidation of the carbon and, in the cement industry, the decarbonation of limestone. It is an essential substance in the biological processes of plants and animals, but it is also responsible for the increase in global warming. Carbon dioxide, which allows sunlight to pass through unimpeded, absorbs infrared radiation emitted by the earth's surface, causing the so-called 'greenhouse effect'. The cement process emits CO_2 from two sources: the calcination of raw materials (mainly limestone) and the combustion of fuels for heat production.

g/ TCE: Grams per Ton of Cement Equivalent.

Joule: Unit of measurement of energy (one joule is the work required to exert a force of one newton for a distance of one meter). A gigajoule (GJ) is equal to 1×10^9 joules, while a terajoule (TJ) is equal to 1×10^{12} joules.

Frequency rate: Occupational Health and Safety indicator. Number of work-related injuries per hours worked (e.g. per millions of hours worked).

Severity rate: Occupational Health and Safety indicator. Working days of absence due to a work-related injuries per hours worked (e.g. per thousands of hours worked).

Injury: Work-related event due to unexpected and violent cause that results in partial or total inability to work or in the most severe cases, death. Commuting injuries are excluded.

RDF (**Refuse-Derived Fuel**): A solid dry shredded fuel obtained by processing solid urban waste, generally collected in cylindrical blocks known as eco-bales.

SRF (Solid Recovered Fuel): A solid dry shredded fuel obtained by processing solid urban waste compliant with European standard EN 15359.

ISO 14001: A voluntary international standard, establishing the requirements of the environmental management system. ISO 14001 is a certifiable standard, meaning that certification of compliance with its requirements may be obtained from an accredited certification auditor. ISO 14001 certification is not mandatory but is the result of a voluntary choice by a company/organisation that decides to establish/implement/maintain/improve its environmental management system. The adoption of the ISO 14001 standard allows an organisation to identify and monitor the impact of its activities on the environment and improve its environmental performance by implementing a systematic approach that involves the definition and the achievement of specific environmental goals.

ISO 45001: Voluntary international standard, which establishes the requirements the occupational health and safety management system must meet. ISO 45001 is a certifiable standard, which means that certification of compliance with its requirements can be obtained from an accredited certification agency auditor. ISO 45001 certification is not mandatory but is the result of a voluntary choice by a company/organisation that decides to establish/implement/maintain/improve its occupational health and safety management system. The adoption of the ISO 45001 standard allows an organisation to identify and monitor the impact of its activities on health and safety and improve its performance by implementing a systematic approach that provides for the definition and achievement of specific health and safety objectives.

ISO 50001: A voluntary international standard which establishes the requirements for creating, implementing, maintaining and improving an energy management system. The aim of this system is to make it possible for an organisation to use a systematic approach to continuously improve its energy performance, including energy efficiency as well as energy consumption and use.

ISO 9001: Voluntary international standard which establishes the requirements of the quality management system.

l/t: Litres per ton.

m3: Cubic metre.

NO: Nitrogen oxide.

NO2: Nitrogen dioxide.

NOx: Nitrogen oxides (NO and NO2).

SO2: Sulphur dioxide.

'Scope 1' emissions: All direct emissions from the company's own sources or those controlled by the company.

'Scope 2' emissions: The indirect emissions of the company, those linked to the purchase of energy from sources controlled by another subject (e.g. electricity).

Emission factors used

To calculate the direct emissions of CO_2 equivalents (Scope 1), the default CO_2 emission factors of the Global Cement and Concrete Association were used. Please refer to the Global Cement and Concrete Association (GCCA) The Cement CO_2 and Energy Protocol, Version 3 CO_2 and Energy Accounting and Reporting Standard for the Cement Industry.

To calculate the indirect emissions of CO_2 equivalents (Scope 2), the emission factors provided by Ecoinvent 3.7.1 were used. The Ecoinvent Database is a database that has emission factors linked to the electricity production mix of several countries around the world.

Independent Auditor's Report

Independent auditor's report

Cementir Holding NV

Sustainability Report for the year ended 31 December 2020 pwc

Independent auditor's report on the Sustainability Report

To the Board of Directors of Cementir Holding NV

We have been engaged to undertake a limited assurance engagement on the Sustainability Report (hereinafter also the "Report") of Cementir Holding NV and its subsidiaries (hereinafter the "Group") for the year ended 31 December 2020.

Responsibilities of the Directors for the Sustainability Report

The Directors of Cementir Holding NV are responsible for the preparation of the Report in accordance with the "*Global Reporting Initiative Sustainability Reporting Standards*" issued by the GRI – *Global Reporting Initiative* (the "GRI Standards"), as illustrated in the "Methodology note" section of the Sustainability Report.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Sustainability Report that is free from material misstatement, whether due to fraud or error.

The Directors are responsible for defining the sustainability performance targets of the Group, as well as for identifying its stakeholders and material topics to be reported on.

Auditor's Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies *International Standard on Quality Control 1 (ISQC Italy 1)* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

www.pwc.com/it

Auditor's Responsibilities

Our responsibility is to express a conclusion, based on the procedures performed, on whether the Sustainability Report complies with the requirements of the GRI Standards. We conducted our work in accordance with "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information*" (hereinafter also "ISAE 3000 *Revised*"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform procedures to obtain limited assurance about whether the Sustainability Report is free from material misstatement.

The work performed was less in scope than in a reasonable assurance engagement conducted in accordance with ISAE 3000 *Revised* and, consequently, we did not obtain assurance that we became aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the Sustainability Report were based on our professional judgement and included inquiries, primarily of personnel of the Group responsible for the preparation of the information presented in the Sustainability Report, inspection of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1 We analysed the process of definition of the material topics reported on in the Sustainability Report, with reference to the method of their identification in terms of priority for the various categories of stakeholders and to the internal validation of the results of the process;

2 We obtained an understanding of the processes underlying the generation, collection and management of significant qualitative and quantitative information included in the Sustainability Report.
In detail, we inquired of and discussed with management personnel of Cementir Holding NV and with personnel of Aalborg Portland Malaysia Sdn Bhd, Cimentas AS and Cimbeton AS and we carried out limited analyses of documentary evidence, in order to obtain information about the processes and procedures supporting the collection, aggregation, processing and submission of non-financial information to the corporate function in charge of the preparation of the Sustainability Report.

Furthermore, for significant information, taking into account the activities and characteristics of the Group:

- at holding level:
    - (a) with reference to qualitative information presented in the Sustainability Report, we carried out interviews and obtained supporting documents to verify its consistency with available evidence;
    - (b) with reference to quantitative information, we performed both analytical procedures and limited tests to verify, on a sample basis, the accuracy of data aggregation.

- for the following entities, Cementir Holding NV, Aalborg Portland Malaysia Sdn Bhd, Cimentas AS and Cimbeton AS, which we selected based on their activities, contribution to performance indicators at a consolidated level and location, we carried out remote visits during which we met the persons responsible and obtained documentary evidence, on a sample basis, about the correct application of the procedures and calculation methods applied for the indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Cementir Holding NV for the year ended 31 December 2020 is not prepared, in all material respects, in accordance with the requirements of the GRI Standards as illustrated in the "Methodology note" section of the Sustainability Report.

Rome, 9 March 2021

PricewaterhouseCoopers SpA

Massimiliano Loffredo
(Partner)