

2020 INTEGRATED REPORT



BUILDING A SUSTAINABLE FUTURE



The world population is expected to reach 9.7 billion people in 2050. It is estimated that approximately 6.4 billion of them will live in cities. Most countries will face challenges to meet the needs of their growing urban populations. This includes essential provisions such as clean water and sanitation, basic services (such as education and health), and general infrastructure (including housing, transportation and energy generation).

At Votorantim Cimentos, we want to help build the foundation for this growth to happen in a sustainable manner. As leaders in the building materials industry in Brazil and one of the most important companies in the sector internationally, we seek to grow, innovate and increase the operational efficiency of our business, using sustainability as one of our strategic drivers.

Concrete has shaped modern society and is vital to enable urban growth and meet the need for quality housing and infrastructure across the planet. Known for its excellent durability, versatility and resistance, concrete is considered a sustainable material and has characteristics that make it resistant to fire, weather and floods. It also provides excellent thermal insulation in buildings and rigidity in road construction, reducing energy use and increasing vehicle efficiency. Concrete also has

unique qualities that allow other sectors, such as renewable energy, to develop at the speed necessary for us to achieve, as a society, the reduction of emissions established by the Paris Agreement.

Concrete will be widely used in smart cities, combining technology, urban management and solutions that improve people's lives. The illustration in the cover of our 2020 Integrated Report reaffirms our commitment to building a more sustainable future. It also reinforces our efforts in continuing to develop solutions to reduce our emissions at all stages of the civil construction chain (aiming to deliver to society a carbon neutral concrete by the year 2050), to respect diversity and to contribute to the economic and social development of communities.

Finally, the illustration features people wearing masks as a reminder of the atypical year we had and to emphasize a behavior that can protect so many lives during this coronavirus pandemic. "Our hope, our strength, is in you taking care of yourself. It will be worth it; your life is made to last".

TABLE OF CONTENTS

ABOUT THE REPORT ----- **04**

Materiality -----	06
COVID-19 Challenges -----	09

MESSAGES FROM OUR GLOBAL LEADERSHIP ----- **11**

A Message from the CEO -----	12
A Message from the Board -----	14

2020 HIGHLIGHTS ----- **16**

Awards and Recognitions -----	19
-------------------------------	----

OUR WAY OF BEING ----- **21**

Solid, Flexible and Current -----	23
Local and International Operations -----	26
Corporate Governance -----	30
Ethics and Integrity -----	32

STRATEGY AND MANAGEMENT----- **34**

Business Model -----	36
Risk Management -----	38
Circular Economy -----	40
Innovation for the Future -----	45

CARING FOR PEOPLE ----- **49**

Our Employees -----	51
Social Transformation -----	59
Supply Chain -----	64

PERFORMANCE ----- **67**

Customer Focus -----	69
Economic and Financial Results -----	72
2020 Sustainability Agenda -----	76
Environmental Management -----	79

2030 COMMITMENTS ----- **82**

Our Sustainability Journey -----	83
The Impact of the Sector and the Climate Emergency -----	85
Concrete as Part of a More Egalitarian and Sustainable Planet -----	85
Our Commitments -----	88

EXTERNAL READERS ----- **93**

ANNEX - GCCA CHARTER ----- **97**

ANNEX - GCCA KPIS ----- **99**

ANNEX - GRI CONTENT INDEX ----- **101**

ANNEX - GRI STANDARDS DISCLOSURES ----- **115**

ANNEX - ASSURANCE LETTER ----- **146**

CORPORATE INFORMATION ----- **149**



Employees at a VCEAA plant

ABOUT THE REPORT



IN THIS CHAPTER
Materiality
COVID-19 Challenges



ABOUT THE REPORT

GRI 102-46

We are committed to being increasingly transparent in providing information about our activities, guidelines and decisions, as part of a major effort of accountability in disclosing the company's strategies and impacts. This Integrated Report contains the most relevant information for 2020, including everything from investments and stakeholder relationships to environmental performance and company management during the coronavirus pandemic. The information covers the period between January 1 and December 31, 2020 and was externally assured by Bureau Veritas. **GRI 102-50, 102-52, 102-56**

In line with our pursuit of excellence, we prepared this report based on international indicator benchmarks. The economic and financial information included in this report is in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and the guidelines of the International Financial Reporting Interpretations Committee (IFRIC). This document also follows the guidelines of the Brazilian Accounting Pronouncements Committee (CPC).

Internally, we gathered the most relevant social, environmental, economic and corporate governance information. This report has been prepared in accordance with the GRI Standards: Core option, and detail our created and shared value according to the guidelines of the International Integrated Reporting Council (IIRC). **GRI 102-54**

This year, for the first time, this document also incorporates the recommendations from the Task Force on Climate-Related Financial Disclosure (TCFD)

in the disclosure of climate risks and opportunities. In addition, we based this report on criteria from the Global Cement and Concrete Association (GCCA) and connected our activities to the principles of the Global Compact and to the United Nations (UN) Sustainable Development Goals (SDGs).

The financial data includes the companies that are consolidated in our results and can be found on page 103. Information relating to Argentina, where we do not have control of operations, is consolidated in the financial statements as equity income and does not include social and environmental disclosures.

These guidelines are at the core of our everyday activities at our locations in Brazil and around the world, and are especially systematized in this report, so that all stakeholders, including the general public, can follow our progress and grow with us. Questions and additional information about this report can be directed to ri@vcimentos.com.br. **GRI 102-53**

Most of the photos used in this report were taken before the COVID-19 pandemic. Since the beginning of the pandemic, all of our operations have followed hygiene and social distancing measures dictated by the principle global health agencies. In addition, corporate office employees have been working remotely.

Happy reading.



Employee at one of our plants in Brazil



Materiality

[GRI 102-40](#), [102-42](#), [102-43](#), [102-44](#)



Employee and his family at one of our plants in Brazil

A prerequisite for reporting sustainability according to the GRI and IIRC methodologies, materiality is a process that uses stakeholder engagement to determine the critical themes for an organization. In 2020, the consulting firm Report Sustentabilidade followed four steps to help us develop our new materiality matrix.












In the **identification** phase, we used internal and industry documents and benchmarks to map our stakeholders and the issues that have the greatest impact on our company. In the **prioritization** phase, we identified the perception of stakeholders through nine interviews with our company executives, six interviews with external experts, and an online consultation that received 237 responses from different groups (employees, customers, suppliers, universities, communities, nonprofit organizations and government authorities). Of these 237 responses, 165 came from employees and 72 from representatives of our external audiences. In total, 13% of participants

responded to our consultation, a result that exceeds the ideal 10% sample. Since we are an international company, these groups were consulted in their local languages; we obtained responses in Arabic, English, French, Portuguese, Spanish and Turkish. This diversity was reflected in the findings of the consultation, which considered different points of view, from different cultures, thereby producing representative and balanced results.

In the **analysis** phase, we followed a specific methodology to weigh the perceptions of each stakeholder group and inserted them into a matrix that crossed internal and external perspectives, resulting in the eight most relevant themes. The last phase of this process was **validation**, where the themes were approved by the company leadership, who considered additional criteria such as risks, opportunities and business strategies. This phase also included the validation of the correlation of each theme with the United Nations SDGs and their specific targets, and with our own 2030 Commitments.

MATERIAL TOPICS









[GRI 102-44](#), [102-46](#), [102-47](#), [103-1](#), [103-2](#)

Topic/Description	Why it is material to VC	Boundaries	Involvement with the impacts	Stakeholder group that raised the topic	Alignment with the pillars of Our 2030 Commitments	Related SDG and its specific targets
<p>1. Climate change Impact of climate change on the operations, greenhouse gases emissions, CO₂ and climate risk management strategy</p>	<p>The cement sector is one of the world's largest emitters of greenhouse gases (GHG) Competitiveness Demands and pressures from customers and society Environmental, reputational and regulatory risks</p>	<p>Impacts all Votorantim Cimentos operations and the whole society</p>	<ul style="list-style-type: none"> • Leadership • Experts 	<p>Leadership Investors Suppliers Government Customers</p>	<p>Environmental footprint</p>	 <p>13.2 13.3</p>
<p>2. Innovation and technology Development of eco-efficient technologies, sustainable products, investment in innovations</p>	<p>Competitiveness Operational eco-efficiency Solutions for more affordable buildings Financial risk</p>	<p>Impacts all Votorantim Cimentos operations and, directly or indirectly, the whole society</p>	<ul style="list-style-type: none"> • Leadership • Experts • Employees 	<p>Suppliers Experts and Universities Third sector Government</p>	<p>Innovation</p>	 <p>9.a, 9.b, 9.c 9.4</p>  <p>11.c</p>  <p>17.16</p>
<p>3. Responsible relationship with the community Community autonomy, open dialogue, local community development, local community involvement, impact and value creation</p>	<p>Solutions that improve the quality of life for families in vulnerable conditions increase the participation of local suppliers boost local businesses Social Engagement</p>	<p>Impacts, directly or indirectly, all our operations and all the communities where we operate and sell our products</p>	<ul style="list-style-type: none"> • Leadership • Experts • Employees • Community 	<p>Leadership Investors Suppliers Experts and Universities Third sector Community Government Customers Employees</p>	<p>Communities and shared value</p>	 <p>1.b</p>  <p>4.b 4.6</p>  <p>10.4 10.2</p>  <p>11.a 11.c</p>
<p>4. Employee development Employee diversity and inclusion, employee development and engagement, talent, retention, compensation, preservation of human rights</p>	<p>Maintain qualified professionals to support business growth and efficiency Organizational climate Diversity and inclusion, expression of true self</p>	<p>Directly impacts all our employees, suppliers and service providers</p>	<ul style="list-style-type: none"> • Leadership • Experts • Employees • Suppliers 	<p>Experts and Universities Leadership Employees</p>	<p>Diversity</p>	 <p>4.b 4.6</p>  <p>5.c 5.5</p>  <p>8.3, 8.5 8.7, 8.8</p>



MATERIAL TOPICS

GRI 102-44, 102-46, 102-47, 103-1, 103-2

Topic/Description	Why it is material to VC	Boundaries	Involvement with the impacts	Stakeholder group that raised the topic	Alignment with the pillars of Our 2030 Commitments	Related SDG and its specific targets
<p>5. Ethics, integrity and transparency Integrity and compliance, ethical and transparent relationships, price integrity and antitrust compliance, legal compliance with standards of competitor relationships</p>	Ensuring high standards of compliance, ethics and transparency is the path to excellence	Directly impacts all company employees and operations, and all stakeholders	<ul style="list-style-type: none"> Leadership Experts Employees 	Customers Experts and Universities Third sector Community Employees	Ethics and integrity	 16.b 16.10  17.7 17.17
<p>6. Responsible use of materials, waste and circular economy Solid waste management, responsible use of fuels and raw materials, product life cycle analysis, circular economy, reuse and recycling</p>	Maintain competitiveness in the medium and long terms, generating value for shareholders, employees and for the whole society	Impacts all Votorantim Cimentos operations and, directly or indirectly, the whole society	<ul style="list-style-type: none"> Leadership Experts 	Leadership Customers	Circular Economy	 11.c  12.a 12.3, 12.4 12.5, 12.6 12.8
<p>7. Risk and crisis management Assessment and mitigation of risks to which the business is exposed, assessment of market risks, information management, confidentiality, crisis management</p>	Ensure a quick response whenever we identify a topic with a potential negative impact on the company's performance	Impacts, directly or indirectly, all operations, employees, customers and shareholders	<ul style="list-style-type: none"> Leadership Customers Investors 	Leadership Investors	Ethics and Integrity	 16.b 16.10  17.7 17.17
<p>8. Occupational health, well-being and safety Healthy and safe working conditions (for employees and contractors), ensuring the safety of stakeholders who relate to the company, safe operating processes.</p>	Safety comes first at VC Industry is subject to high risk of occupational accidents	Directly impacts all our employees, contractors and suppliers	<ul style="list-style-type: none"> Leadership Experts Employees 	Leadership Employees	Health, safety and well-being	 3.9  8.3, 8.5 8.7, 8.8

COVID-19 Challenges

GRI 403-3

The year 2020 was a challenging one. The coronavirus pandemic forced us to make decisions, launch initiatives, and put projects and safety measures into motion in record time. At the same time, the solidity of our company and cohesive employee engagement ensured a quick response to market recovery and the efficiency of our internal processes. This resulted in safe work environments, an increase in production and sales, and positive financial impact beyond what was expected.

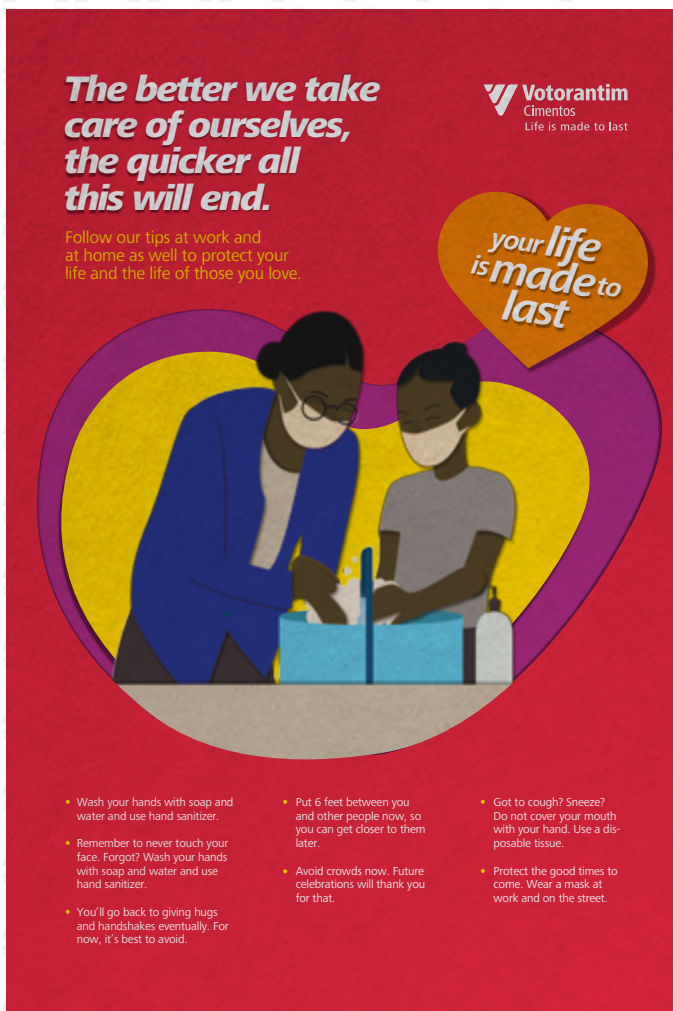
Our priority was (and still is) the preservation of life and the safety of all our employees and their families, suppliers, third parties, customers and the communities where we are present. In the early weeks of the pandemic, when it became urgent to implement social distancing measures to stop the spread of the virus, we managed to start an effective work-from-home approach in record time. Approximately 2,000 employees started working from home, reducing travel and contact between people. Business trips were suspended, and all processes were carried out remotely and online, with support from our information security systems and teams.

Our plants continued to operate, strictly following all safety and health protocols recommended by the main global health authorities. We made sure large groups were separated, either physically or by working different shifts; kept all people in risk groups at home; established social distancing standards during working hours; started taking people's temperature at the entrance to the plants; procured adequate supplies of personal protective equipment (PPE); and ensured strict compliance with safety guidelines.

Solidity and cohesion are behind our agility in responding to the crisis



"Your life is made to last" campaign image



Promotional material for the "Your life is made to last" campaign held globally to encourage COVID-19 prevention practices among employees and their families

In addition to preserving health, our goal was to preserve jobs. We joined the *Não Demita* ("No Layoffs") movement in Brazil and, despite the economic uncertainty in the first months of the pandemic, we chose not to eliminate jobs and maintain all our employees through July.

To address all these challenges, a crisis management area was activated: the management committee was organized into a regional commission, a corporate commission and a specific committee to address the effects of COVID-19. Throughout the year, daily and weekly meetings included multidisciplinary teams of employees, the company's Global and regional CEOs and leadership teams, to define strategies for action in a major, global crisis management effort.

One of the main results was the creation of a work group aligned with the Votorantim Institute to organize donations and safety initiatives, and monitor the evolution of COVID-19 cases in the municipalities where the company operates and within its areas of influence.

This resulted in a more solid, robust, close and humane relationship with our teams, ensuring work alignment and the evolution of projects. In this new work model, we maintained our excellence in all administrative processes and exceeded the performance expected at the onset of the pandemic. Many of these learnings will continue to be applied after this pandemic, such as allowing our administrative personnel to work from home a few days a week as a strategy to improve the quality of life of our employees and ensure that they have more time to enjoy their families and their leisure activities.

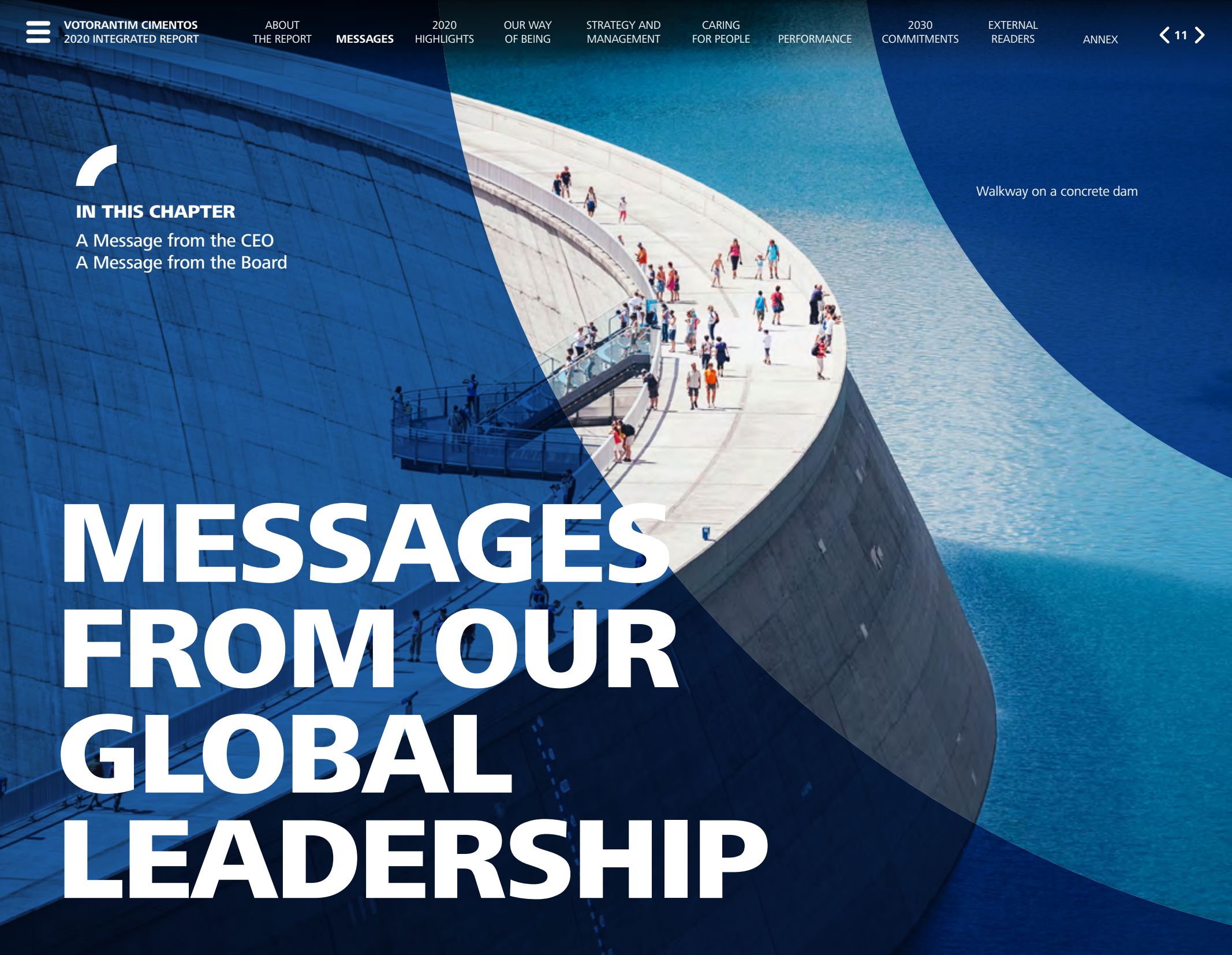


IN THIS CHAPTER

A Message from the CEO
A Message from the Board

Walkway on a concrete dam

MESSAGES FROM OUR GLOBAL LEADERSHIP



MESSAGES FROM OUR GLOBAL LEADERSHIP

GRI 102-14, 102-15

A Message from the CEO

A COMMITMENT TO OVERCOME

If we could summarize 2020 at Votorantim Cimentos in a few words they would be courage, resilience, dedication and overcoming. In the very first months of the year, we were confronted with the coronavirus pandemic, which required us to respond quickly to ensure the safety of all our employees, suppliers and customers, as well as the preservation of jobs and the company's financial health. Starting in March, we began to feel the effects of the global economic crisis caused by the pandemic, especially in our units in Bolivia, Morocco, Spain and Tunisia.

Faced with these challenges, we demonstrated our unwavering alignment with the principle of "flexible solidity"; we had the necessary strength to face the crisis, recover investments and end the year with better-than-expected results, including lower leverage, 29% higher revenue and 43% higher EBITDA than 2019.

At the same time, we had a unique ability to adapt to the "new normal", which included everything from strict strategies to prevent COVID-19 transmission within our plants to adapting to remote work at our offices. Despite these challenges, we continued to focus on and invest in key areas, including our thermal substitution efforts. As a result, our rate of substitution of fossil fuels by alternative fuels achieved 23.3% by the end of the year.

This entire process was focused on scenario planning that encompassed worst case scenarios in a time of uncertainty. The plan resulted in a great effort of agility, engagement and integration between company areas to better prepare us for the economic environment for the remainder of 2020 and 2021.



*Marcelo Castelli,
Global CEO,
Votorantim Cimentos*

A major highlight of the year was the reinforcement of our commitment to more sustainable production and distribution, focused on preserving the environment as well as community development where we are present and where we sell our products. We know with clarity that growing alone is not enough: the world we want to help to build needs everyone to benefit from our work.

To this end, we embraced a set of commitments, both ambitious and urgent, that includes delivering society a carbon neutral concrete by 2050. To do this, we will follow a plan with clear, innovative and well-defined targets, such as increasing the pace of replacing fossil fuels used in our kilns for biomass and other alternative fuels, recycling concrete and using renewable electricity extensively in our plants.

Going beyond in our responsibility for sustainable development, we announced Our 2030 Commitments. This is a set of targets aligned with the United Nations (UN) Sustainable Development Goals (SDGs) to be put into practice in our daily lives to ensure we are playing our role in the socioenvironmental development of global communities.

These targets are organized into seven central pillars: Health, Safety and Well-being, Ethics and Integrity, Innovation, Diversity, Environmental Footprint, Circular Economy and Communities and Shared Value. Based on these targets, we will strive to grow, innovate and increase the operational efficiency of our business using sustainability as one of our strategic drivers.

This means offering eco-efficient and innovative building materials and services to our customers; working in an ethical and transparent manner, in accordance with laws and regulations; providing a healthy, safe and inspiring work environment for our employees; and promoting the development of the communities where we work to ensure that they can prosper.

The year 2020 reinforced our certainty that we are on the right path to face the challenges of the current world, with the seriousness, commitment and attention to people that have marked the trajectory of Votorantim Cimentos through its almost 90 years of history. We are ready for the future!

Marcelo Castelli
Global CEO of Votorantim Cimentos



A Message from the Board

BUILDING NEW CYCLES

In 2020, we faced a serious global economic and public health crisis. The pandemic imposed periods of strict quarantine in all countries where we operate. However, what was initially an extremely pessimistic outlook from a financial standpoint turned out to be an opportunity to build paths toward a future of greater flexibility and even more solid economic results.

In addition, investments suspended in 2020 due to the pandemic have been resumed, such as the project to expand the Pecém unit in Ceará, which was interrupted due to the need for a lockdown to contain the spread of the coronavirus and now has a startup expected in the first half of 2021.

We are committed to establishing ourselves in new markets, especially through Verdera (our co-processing and waste management business unit), Viter (our agricultural business) and MOV-C (our logistics and distribution arm), in addition to the other businesses adjacent to cement, such as mortars, concrete and aggregates. Together, these new and adjacent businesses achieved positive results in 2020 and are expected to gain momentum in 2021, establishing and strengthening themselves as competitive brands in the market, assuming the leadership of some sectors and accounting for meaningful portions of the company's total earnings.

Our focus will continue to be operational excellence, with the goal of reducing occupational accidents and impacts on the environment, and increasing energy efficiency and productivity, especially through thermal substitution projects.

Therefore, one of our greatest challenge is to implement processes and practices that continue to improve the social and environmental impacts of our operations. Our main drivers are our 2030 Commitments, which were approved by the Board and made public in 2020. They comprise a series of sustainability commitments, divided into seven pillars, with ambitious goals that include achieving carbon-neutral concrete by 2050.

To achieve this ultimate goal, we assumed a commitment to reduce greenhouse gas emissions by 12% by 2030 as an intermediate target, especially through the modernization of the manufacture of cement and concrete, which is recognizably a GHG contributor. Our efforts will apply globally, in all plants in the 10 countries where we operate, while we continue to work to strengthen our environmental, social and governance (ESG) performance, one of the key factors to attract future investments. As part of our strategy, we highlight the efforts of a Working Group made up of Board members and sustainability experts to discuss the decarbonization agenda, one of our priorities.

We pursued paths
toward more flexibility
and stronger results



One of the main initiatives to comply with the guidelines set out in our 2030 Commitments is to increase the use of alternative and renewable fuels, both in kilns that transform limestone and clay into cement, and in the consumption of electricity in our plants and offices. We intend to invest even more in the use of waste as fuel, especially unserviceable tires, urban waste and biomass that would otherwise end up in landfills.

Investments in co-processing practices for the generation of alternative fuels alone will be around R\$ 556.3 million over the next five years, in all regions where we operate. We will spare no effort to meet our targets and make our industrial processes cleaner, more sustainable and aligned with the development of the communities where we are present.



Photo of one of our plants in Brazil

Part of our investments will go to the production of wind and solar energy in partnerships with Votorantim Energia, which since 2017 has formed a joint venture with the Canada Pension Plan Investment Board (CPP Investments). Two new wind complexes are expected to be inaugurated by 2023, adding 220 megawatts (MW) in installed power generation capacity, part of which will go to our operations, increasing the share of renewables in Brazil to 56%. Other initiatives in this field are being studied for our operations in other countries, such as a solar plant at the Toral de los Vados unit in Spain, which will reduce our annual CO2 emissions by 3,500 tons.

We continued to strengthen our presence in countries with strong currencies. In 2020, we announced one of our main strategic investments: the combination of St. Marys Cement (Canada), one of our businesses in North America and a wholly owned subsidiary of Votorantim Cimentos, and McInnis Cement, a subsidiary of Caisse de dépôt et placement du Québec (CDPQ), with a focus on expanding cement production, distribution and sales operations in the Great Lakes region, eastern Canada and the northeastern coast of the United States.

Votorantim Cimentos International (VCI), the international investments platform and wholly owned subsidiary of Votorantim Cimentos, will hold 83% and CDPQ will hold 17% of the new entity. The conclusion of this transaction is subject to customary closing conditions, including approval by regulatory authorities in Brazil, Canada and the United States.

Another important move was the approval of the consolidation of our industrial plants in Uruguay by Cementos Artigas. With investments of US\$ 40 million, the project includes the relocation of the current cement milling and shipping operations from the Montevideo plant to the Minas plant, 100 kilometers from the Uruguayan capital. This move aims to make our unified production more eco-efficient and technologically advanced, with the installation of a state-of-the-art vertical cement mill and new cement silos. The operation is scheduled to start in 2022.

This way, we will prepare ourselves to further strengthen the company's cash position, resume investments and be attentive to new and promising market opportunities, with the commitment to strengthen our presence in regions with strong currency, while always pursuing investments in innovation, social and environmental development.

BOARD OF DIRECTORS

Our **Board of Directors** underwent an important change in March 2020, when **Luiz Pretti** assumed the position of **Chairman of the Board of Directors of Votorantim Cimentos**, succeeding **João Miranda**, who became **Vice Chairman**.



2020 HIGHLIGHTS

An elevated highway and blue sky



IN THIS CHAPTER

Awards and Recognitions



2020 HIGHLIGHTS



Financial Capital

The rapid response to the economic crisis caused by the coronavirus pandemic ensured solid financial results, strengthened by our international operations, **with increased profits, especially in the second half of 2020**

R\$ 437.5 MILLION

Net income

R\$ 3.8 BILLION

EBITDA

R\$ 16.7 BILLION

Net revenue

1.96X

Leverage

32.4 MILLION

tons of cement sold

Manufactured Capital

- Move to strengthen our North American Great Lakes presence with McInnis Cement
- Reactivation of kilns in the Rio Branco do Sul and Cantagalo plants
- Restart of the expansion of the Pecém grinding station in Ceará
- Launch and growth of our agribusiness brand, Viter

More than

1 MILLION TONS

of adhesive mortars shipped

Capex investments

R\$ 1.1 BILLION

Intellectual Capital

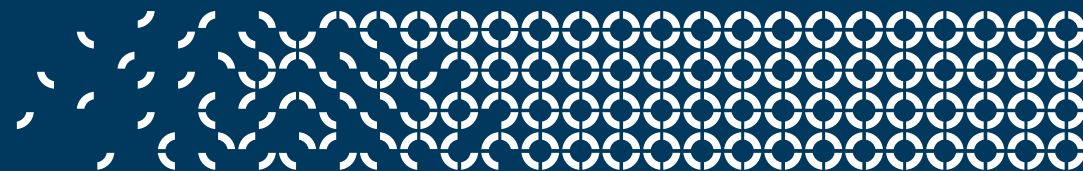
- **COVID-19 Crisis Committee:** organized all health and well-being activities for employees

Investment of

R\$ 67.7 MILLION

in IT projects with innovative solutions

- **Industry 4.0:** implementation of Project PI (Plant Information) at VCEAA
- **GCCA / Innovandi R&D:** definition of the four lines of research focused on the challenge of reducing CO2 emissions from cement/concrete
- Development and launch of innovation strategy



Human Capital

- **Participation in the *Não Demita*** (“No Layoffs”) movement during the peak of the coronavirus pandemic in Brazil
- Quick and efficient adaptation to a worldwide remote work routine
- Campaign **“Your Life is Made to Last”**, with COVID-19 prevention activities for employees, families and communities
- Creation of **Talent Bank** with emphasis on diversity
- **Digitalization of safety processes** in Spain to manage and mitigate incidents
- Launch of the **Well-Being Portal** for employees in Spain

Social Capital

Support and donations to communities where we operate during the coronavirus pandemic

R\$ 35.7 MILLION
donated to fight the pandemic

R\$ 11.7 MILLION
In social investments

389
Social initiatives in all regions where we are present

Natural Capital

- Publication of **Our 2030 Commitments**
- Announcement of carbon neutral concrete by 2050
- Execution of **loans linked to sustainability** performance

74%
clinker/cement factor

23.3%
thermal substitution rate

25%
of CO2 emission reduction compared to the base-year (1990)

- CDP score of **A-**

Awards and Recognitions

The work of different areas and sectors of the company earned us several important awards in 2020, in recognition of the results and the excellence of projects and initiatives implemented throughout the year:

- **2020 ANAMACO Awards Brazil** – For another consecutive year, we were among the recipients of the ANAMACO Awards, promoted by the National Association of Building Material Traders (ANAMACO). This awards competition selected the companies that stood out in the building materials market in 2020, after hearing from more than 1,600 store owners. We won the master award in the Cement category and second place in the Adhesive Mortars and Ceramic Grouts categories.
- **2020 Brasil Mineral Awards** – We received the Company of the Year in Aggregates award, promoted by *Brasil Mineral* magazine, in recognition of votes from 25,000 mining technicians and entrepreneurs.
- **2020 Environmental Excellence Awards** – A VCNA plant in Illinois won the 2020 Environmental Excellence Awards competition, promoted by the National Ready-Mix Concrete Association (NRMCA). This annual awards competition recognizes companies that contribute to the preservation of the environment and maintain the best management practices.
- **ABRASCA Award** – Our 2019 Integrated Report won the 22nd ABRASCA Award in the Privately-Held Company category. Promoted by the Brazilian Association of Listed Companies (ABRASCA) annually, this awards competition selects and recognizes the best annual and sustainability reports of Brazilian companies, to encourage improvements with regard to transparency, clarity and innovation, both in content and graphic design.
- **Canada Ontario Concrete Awards** – Canada Building Materials (CBM), one of our branches in North America, received the annual Ontario Concrete Awards for three initiatives: the VIVA Streetscape project, the construction of the Yorkville Condo and the structural design for the 99 Atlantic building.
- **Carbon Disclosure Project** – For the third time, we were one of the best evaluated companies in the Climate Change Program by the CDP (Carbon Disclosure Project). We received an A- score in the climate category and joined the group of the four best companies in our industry in the world.
- **Companies that Best Communicate with Journalists Awards** – For the second consecutive year, we received this award in the Civil Construction category, as a result of a survey with 25,000 journalists organized by the *Negócios da Comunicação* magazine (Segmento publishing company), in Brazil.



- **Glassdoor Ranking** – We were named one of the 25 best companies for interns in Brazil in a ranking prepared by Glassdoor, one of the top evaluation and recruitment sites in the world. The survey considered the opinion of interns, who rated their professional experience from 1 to 5.
- **JP Morgan ESG Index** – The improvement of our results in ESG (Environmental, Social and Governance) criteria resulted in the inclusion of our Voto27 and Voto40 bonds in the JP Morgan index, which is currently followed by a BlackRock fund.
- **National CSR Award (Bolivia)** – Votorantim Cimentos placed second in the “Programs, projects and/or CSR Health initiatives” category, in an awards competition promoted by the Cámara Nacional de Industrias de Bolivia.
- **Progressive Rehabilitation Award** – CBM Aggregates Coburn Pit in Puslinch was recognized by the Ontario Stone Sand and Gravel Association (OSSGA) with six industry achievement awards in site rehabilitation and community relations, for a rehabilitation project that restored a total of 2.25 hectares of land.

- **Safety Award (Turkey)** – The ÇEİS (Cement Industry Employers Association) awarded the Sivas cement plant with a Safety award for achieving the highest consecutive number of days without lost time incidents in the Turkish cement industry.
- **Top 25 best brands during the COVID-19 pandemic** – Votorantim Cimentos was selected as one of the Top 25 best brands during the COVID-19 pandemic by a panel of 100 experts in Bolivia.
- **U.S. NRMCA Safety Awards** – We were selected by a group of industry experts for excellent track record in safety, career, professionalism, competence and customer service skills, in the United States.
- **Vigeo Eiris Ranking** – We were among the 100 companies included in the 2020 “Vigeo Eiris’ Best Emerging Market Performers Ranking”, which lists organizations from emerging countries with the best scores in the areas of human and labor rights, environmental protection, corporate governance, ethics in business and contribution to social and economic development in the areas where they operate. The assessment considered a universe of 800 companies from 31 countries.

The awards and recognitions received by the company throughout the year were the result of projects and initiatives of excellence

- **WBCSD** – Our 2019 Integrated Report was recognized by the World Business Council for Sustainable Development (WBCSD) in the Compelling Design category. The organization evaluated reports published by 158 companies globally.
- **World Benchmarking Alliance (WBA)** – The WBA ranking named us one of the 2,000 most influential companies in the world in promoting best practices for a more sustainable future. Companies included in the list demonstrated alignment of their performance strategies with the Sustainable Development Goals (SDGs), in particular with regard to CO₂ emissions reduction, circular economy, social initiatives and safe food production practices.



Employees in a VCEAA unit



IN THIS CHAPTER

Solid, Flexible and Current
Local and International Operations
Corporate Governance
Ethics and Integrity

OUR WAY OF BEING



OUR WAY OF BEING

We are Votorantim Cimentos S.A., an international materials, minerals and solutions company. We are privately held, with 100% of our capital owned by Votorantim S.A., a holding company that does business in strategic and diversified sectors such as metals, aluminum, energy, orange juice, finance and real estate. **GRI 102-1, 102-2, 102-5**

We have been leaders in the Brazilian market for 87 years, and our trajectory is marked by entrepreneurship in the expansion of businesses and borders. Headquartered in São Paulo, we are currently one of the largest companies in the world in our industry, with operations in all regions of Brazil and in ten other countries on four continents. We work with the public and private sectors through a B2B model, with a strong presence with resellers and distributors in the markets where we operate. **GRI 102-3, 102-4, 102-6**

Votorantim S.A.

Our business premises are aligned with our parent company, Votorantim S.A., one of the largest investment holding companies in Brazil.

The eight portfolio companies have a total of 515 operating units worldwide and employ over 34,000 people; people management is one of our key strengths.

Our leadership position spans almost a century and is marked by a trajectory of entrepreneurship



Votorantim Cimentos employees at the Corporate Offices in São Paulo, Brazil

Solid, Flexible and Current

Our actions, investments and strategies in 2020 proved to be even more aligned with our values and ambitions. Last year, we confirmed our conviction that change is to be expected and that we often need to adapt with agility and by reinventing processes with the necessary strength to create opportunities out of crises.

We went through a historic year, marked by the global coronavirus pandemic, with the strength and excellence of an international company that has had the necessary robustness to withstand turbulence. In preparing ourselves for the future, we remain “solid” and “flexible”. We have a firm foundation to take us through long production cycles, in an ethical and safe manner. At the same time, we are flexible to adapt to new demands, technological developments and societal concerns.

To that end, we recognize the importance of maintaining and solidifying partnerships through our participation in different associations and our endorsement of external initiatives and projects. The main initiatives in which we participate from our global headquarters include:

GRI 102-12

*Global and VCBR executive teams in a virtual meeting (from left to right):
Álvaro Lorenz, André Leitão, Marcelo Castelli, Cristiano Brasil, Edson Araújo, Eduardo Almeida, Adjarbas Guerra, Hugo Armelino, Mariangela Bartz, Osvaldo Ayres, André Pompeo and Luis Eduardo Vallim*

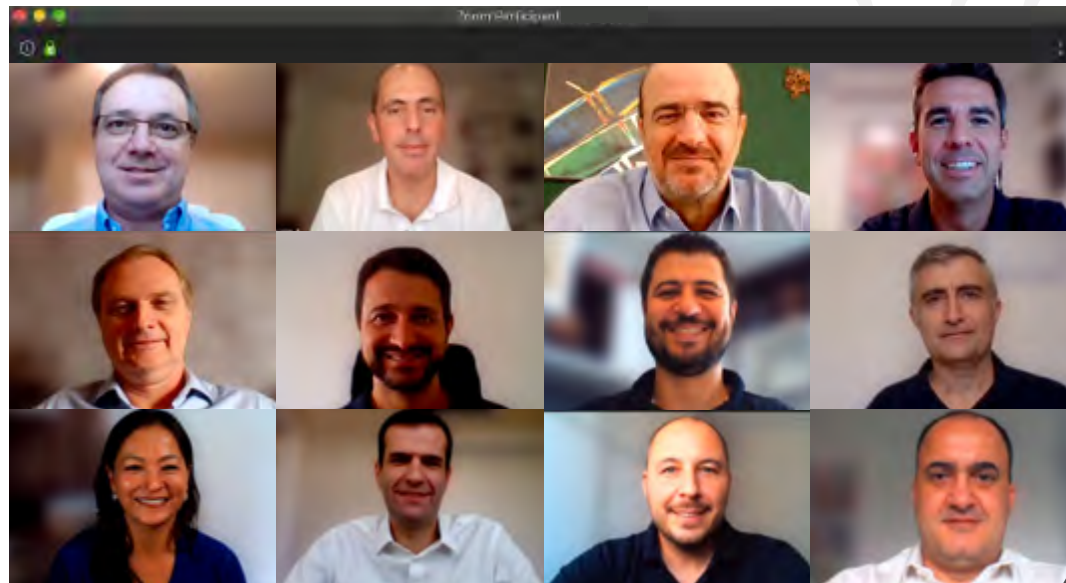
Brazilian Business Council for Sustainable Development (CEBDS):

This organization represents the World Business Council for Sustainable Development (WBCSD) in Brazil. It brings together at least 60 of the largest business groups in the country, which together are responsible for approximately 40% of the Brazilian GDP and for the creation of one million direct jobs.

Business for LGBTI+ Charter: Commitment signed with the LGBTI+ Companies and Rights Forum to promote inclusion and fight discrimination against the LGBTI+ population in the workplace.

Business for Nature: In May, we joined this global coalition formed by influential organizations and companies that have a sustainable vision for the future and are committed to establishing and disclosing biodiversity protection targets. NGOs, the International Chamber of Commerce, WWF, We Mean Business, United Nations Global Compact and 560 companies from more than 54 countries are part of this initiative.

Business Initiative for Racial Equality: In November 2018, we joined this movement formed by companies and institutions committed to promoting racial inclusion and overcoming racism.





Employee in one of our plants in Brazil

GRI 102-12

CDP's Benchmark Club (Carbon Disclosure Project): The organization evaluates actions taken by companies to manage risks and combat climate change and demonstrates its commitment to the issue by sharing its findings with investors.

Global Cement and Concrete Association (GCCA): as one of the founding members of this organization created in 2018, we recognize its important role in uniting the cement and concrete sector globally, fostering the evolution of sustainability practices in the construction chain.

Global Cement and Concrete Research Network: Initiative launched in 2019 by GCCA to manage innovation initiatives, Innovandi. Pioneering effort to which most GCCA members will also contribute resources.

Global Compact: Since 2019, we have been independent signatories of the UN Global Compact, which calls on companies to promote principles on human, environmental and labor rights.

Letter of Commitment to the Business Movement for Integrity, Transparency and Anti-Corruption: By signing this document, we reaffirmed our commitment to adopt practices to fight corruption in business and public-private relations. **GRI 103-2: 205**

Rede AVC (Life Cycle Analysis): As a member of this network, we efficiently participate in exchanges on life cycle analysis tools, a key activity in our sector.

SBE VC RBMA Technical Partnership: Partnership with the Brazilian Society of Speleology and the Atlantic Forest Biosphere Reserve to develop and implement sustainable management practices in the Atlantic Forest and in cave areas.

UN Women's Empowerment Principles: In November 2018, we joined the Women's Empowerment Principles (WEPs), an initiative of the United Nations Global Compact and UN Women.

Vanzolini Foundation: The foundation provides access to a system that files our Environmental Product Declarations (EDP), documents requested by customers seeking LEED certification.

Young SDG Innovators Program: In 2020, we presented the results of our participation in this UN Global Compact program, an accelerator of ideas to achieve the UN Sustainable Development Goals.

We confirmed our belief that we must be prepared to adapt quickly by reinventing processes and creating opportunities



Membership of Associations

GRI 102-13

GLOBAL

- Federación Interamericana del Cemento (FICEM)
- GCCA – Innovandi Research Network
- Global Cement and Concrete Association (GCCA)
- World Business Council for Sustainable Development (WBCSD)

BOLIVIA

- Asociación Boliviana de Gestión Humana (ASOBOGH)
- Cámara de Exportadores de Santa Cruz (CADEX)
- Cámara de Industria, Comercio, Servicios y Turismo de Santa Cruz (CAINCO)
- Fundación Germán Busch
- Instituto Boliviano del Cemento y Hormigón (IBCH)

BRAZIL

- Associação Brasileira da Indústria de Materiais de Construção (ABRAMAT)
- Associação Brasileira de Cimentos Portland (ABCP)
- Instituto Brasileiro de Mineração (IBRAM)
- Instituto Brasileiro do Concreto (Ibracon)
- Sindicato da Indústria da Construção Civil do Estado de São Paulo (SINDUSCON/SP)
- Sindicato Nacional da Indústria de Cimento (SNIC)
- Sindicato Nacional da Indústria de Produtos de Cimento (SINAPROCIM)

CANADA

- Cement Association of Canada (CAC)
- Concrete Ontario
- Ontario Stone, Sand and Gravel Association (OSSGA)
- Portland Cement Association and Cement Association of Canada

MOROCCO

- Association Marocaine des Producteurs de Béton (AMBPE)
- Association Professionnelle des Cimentiers (APC)
- Confédération Générale des Entreprises du Maroc (CGEM)
- Arab Union for Cement and Building Materials (AUCBM)

SPAIN

- Asociación de Fabricantes de Morteros (ANFAPA)
- Asociación Industrial de Canarias (ASINCA)
- Asociación Nacional de Empresarios Fabricantes de Áridos (ANEFA)
- Asociación Nacional Española de Fabricantes de Hormigón Preparado
- European Cement Association (CEMBUREAU)
- Fundación Laboral Andaluza del Cemento y el Medio Ambiente (FLACEMA)
- Fundación Laboral del Cemento y el Medio Ambiente (CEMA Foundation)
- Instituto Español del Cemento y sus Aplicaciones (IECA)
- Oficemen - Association of Cement Manufacturers.

TUNISIA

- Arab Union for Cement and Building Materials (AUCBM)
- National Chamber of Tunisian Cement Manufacturers (CNPC)

TURKEY

- Turkish Ready Mixed Concrete Association (THBB)
- Turkish Cement Manufacturers Association (TÇMB)
- Cement Industry Employers Association (ÇEİS)

UNITED STATES

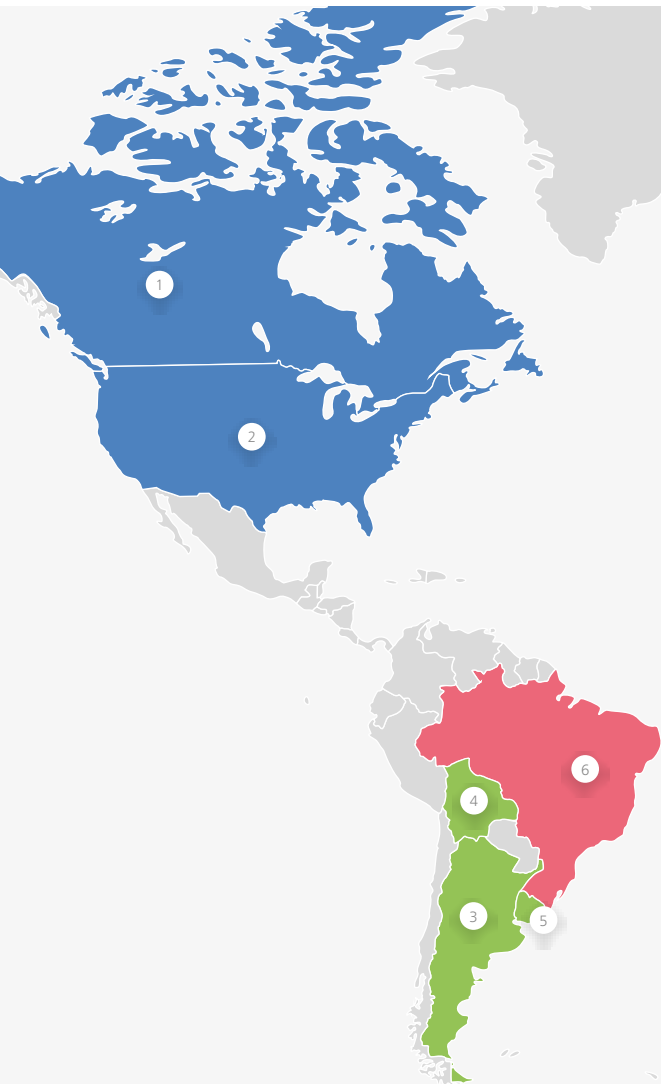
- American Concrete Pavement Association (ACPA)
- Portland Cement Association (PCA)
- Illinois Association of Aggregate Producers (IAAP)
- National Ready Mix Concrete Association (NRMCA)
- Slag Cement Association (SCA)

URUGUAY

- Cement Manufacturers Association
- Construction Chamber of Uruguay
- Exporters Union of Uruguay
- Private Promoters of Construction Uruguay
- Spain-Uruguay Business Chamber
- Trade Defense League



Local and International Operations GRI 102-4, 102-6, 102-7



GRI 102-1

¹ VCBR is a management denomination for Votorantim Cimentos operations in Brazil, carried out by Votorantim Cimentos S.A. and Votorantim Cimentos N/NE S.A. Abroad, our activities are carried out by St Marys Cement Inc., in North America; Votorantim Cimentos EAA S.L.U., in Europe, Asia and Africa; Votorantim Cimentos Latam S.L., which holds our investments in companies located in Argentina, Bolivia and Uruguay; and Votorantim Cimentos Internacional S.L., in Luxembourg.

² Argentina: 49% stake in Cementos Avellaneda.

³ Bolivia: 51% stake in Yacuses, which has a 66.7% stake in Itacamba Cementos S.A.

⁴ Uruguay: 51% stake in Cementos Artigas.

⁵ All operations outside Brazil are part of the structure of Votorantim Cimentos Internacional (VCI) Headquarters in São Paulo, Brazil.

Votorantim Cimentos North America (VCNA)¹

- 1 **Canada** Cement, concrete, aggregates and building materials
- 2 **United States**



Votorantim Cimentos South America (LATAM)¹

- 3 **Argentina²** Cement, masonry cement, mortar and adhesive



- 4 **Bolivia³** Cement **ITACAMBA**

- 5 **Uruguay⁴** Cement, mortar, concrete and masonry cement



Votorantim Cimentos Brazil (VCBR)¹

- 6 **Brazil** Cement, concrete, aggregates, stabilized mortar, basic and adhesive mortars, grouts, limes, plasticizer, co-processing, aglime



Votorantim Cimentos International (VCI)⁵

- 7 **Luxembourg**

Votorantim Cimentos Europe, Asia and Africa (VCEAA)¹

- 8 **Spain** Cement, concrete, aggregates and mortar



- 9 **Morocco** Cement, concrete and aggregates



- 10 **Tunisia** Cement and aggregates

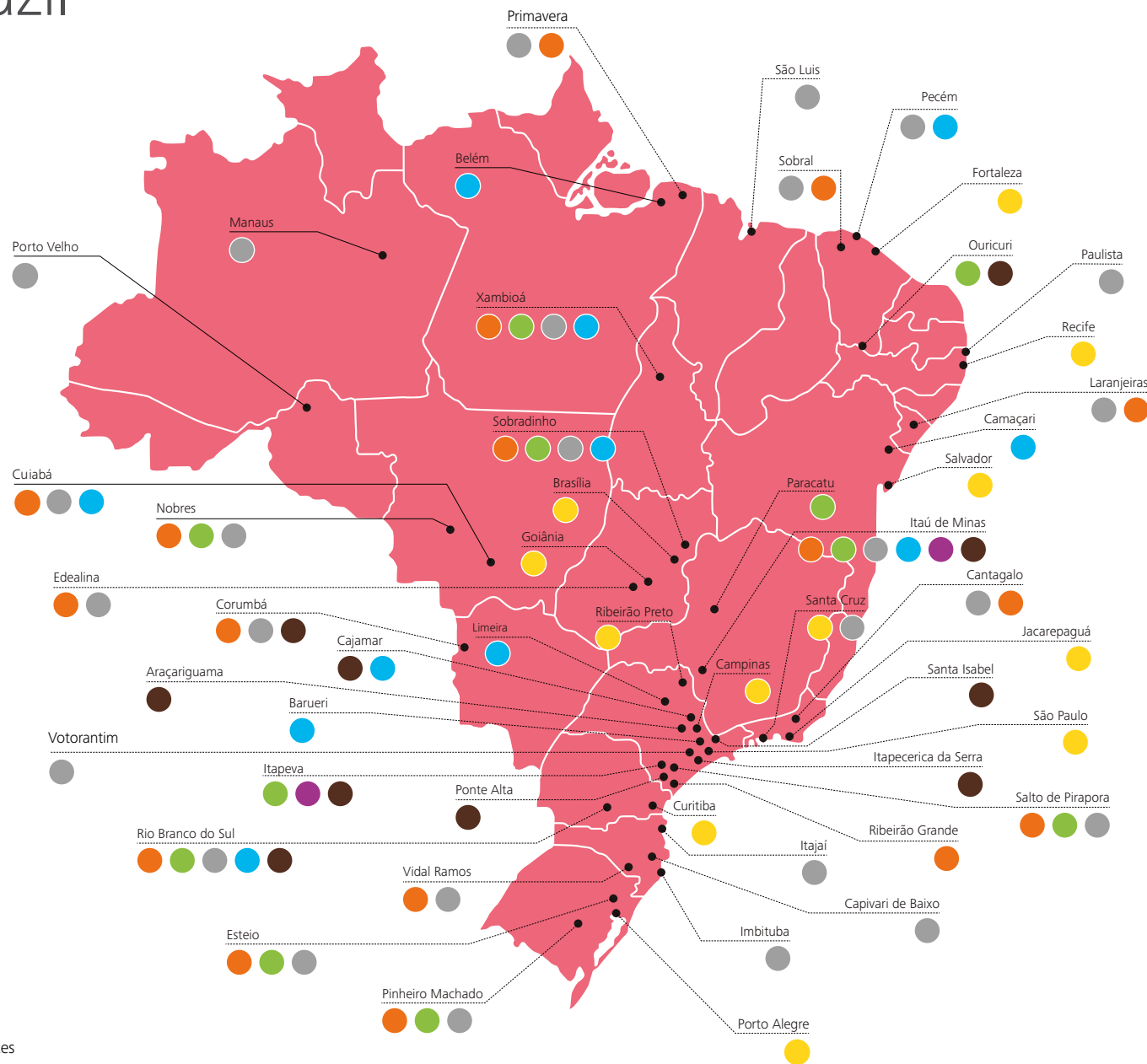


- 11 **Turkey** Cement and concrete





VC's activities in Brazil



Distribution Centers Locations

ALAGOAS

Arapiraca
Maceió

AMAPÁ

Macapá

BAHIA

Itabuna
Luis Eduardo Magalhães
Feira de Santana

CEARÁ

Fortaleza

GOIÁS

Goiânia

MARANHÃO

Imperatriz

MATO GROSSO DO SUL

Campo Grande

MINAS GERAIS

Uberaba
Três Corações
Uberlândia

PARÁ

Santarém
Belém

PARANÁ

Ponta Grossa
Guarapuava
Quatro Barras
Cascavel
Maringá
Londrina

PERNAMBUCO

Petrolina
Caruaru

PIAUI

Teresina

RIO DE JANEIRO

Volta Redonda
São Gonçalo
Rio de Janeiro

RIO GRANDE DO SUL

Passo Fundo
Esteio
Caxias do Sul

SÃO PAULO

Osasco
São José do Rio Preto
Buri
Cubatão
São Miguel Paulista
São José dos Campos
Ribeirão Preto
Regente Feijó
Ourinhos
Embu das Artes
Diadema
Bauru
Campinas
Araraquara
Araçatuba

SANTA CATARINA

Joinville
Chapecó
Blumenau
Florianópolis
Criciúma
Campos Novos

KEY

Verdera

Viter

Cement

Mortar

Lime

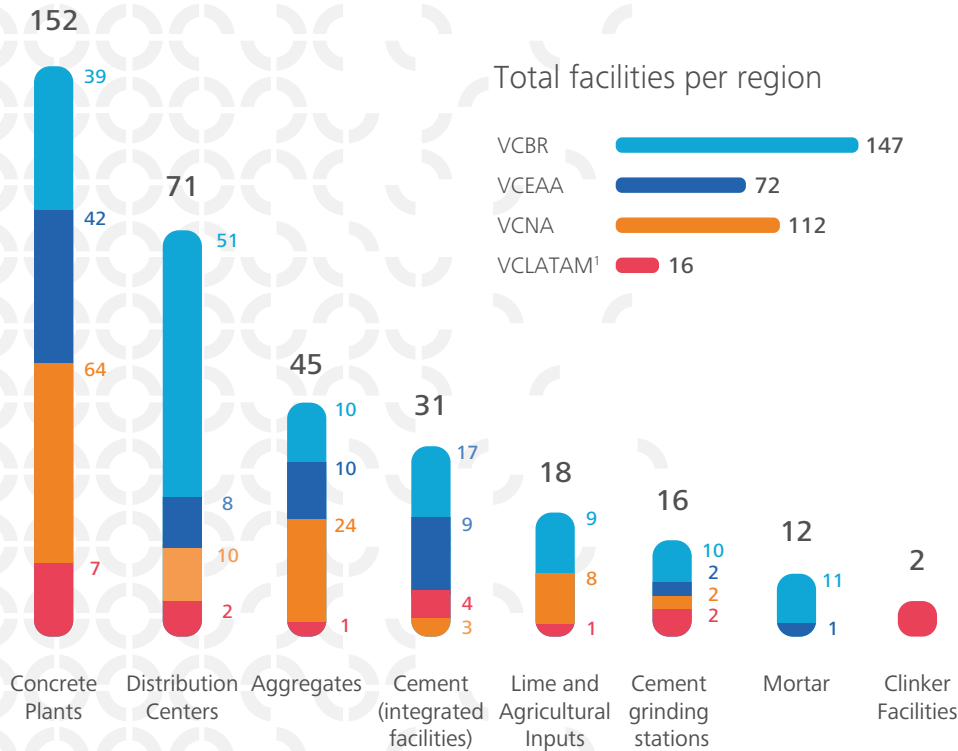
Concrete

Aggregates

OUR FACILITIES

GRI 102-7

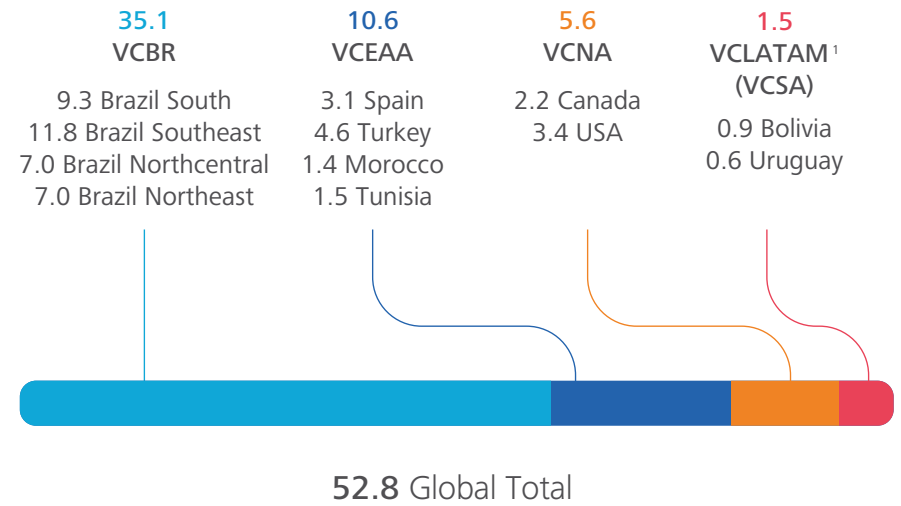
¹ Figures for Bolivia and Uruguay only, since Argentina's operations are not consolidated



INSTALLED CEMENT CAPACITY

in millions of tons

¹ Figures for Bolivia and Uruguay only, since Argentina's operations are not consolidated





Corporate Governance

GRI 102-18, 102-23

We follow corporate governance standards that are market benchmarks given our strict compliance and process regulation practices. Since 2014, our global governance system has maintained the same austerity as those adopted by publicly traded companies, making us competitive in attracting investors in international markets. Our complete corporate structure is available in the Investor Relations area of our website ([click here](#)).

Its members are elected for two-year terms and are assisted by three committees: Audit Committee (with three members, two of whom are independent), Finance Committee (three members, one of whom is independent) and Compensation and People Committee (with two members, both independent). These committees analyze decision-making processes on environmental, social and economic issues, among other things. GRI 102-20

In 2020, we kept our Crisis Management area active. The area was created in 2019 based on guidelines and a methodology approved by the Board of Directors. It includes the Regional Committee, the Corporate Committee and the Crisis Committee of the Board of Directors.

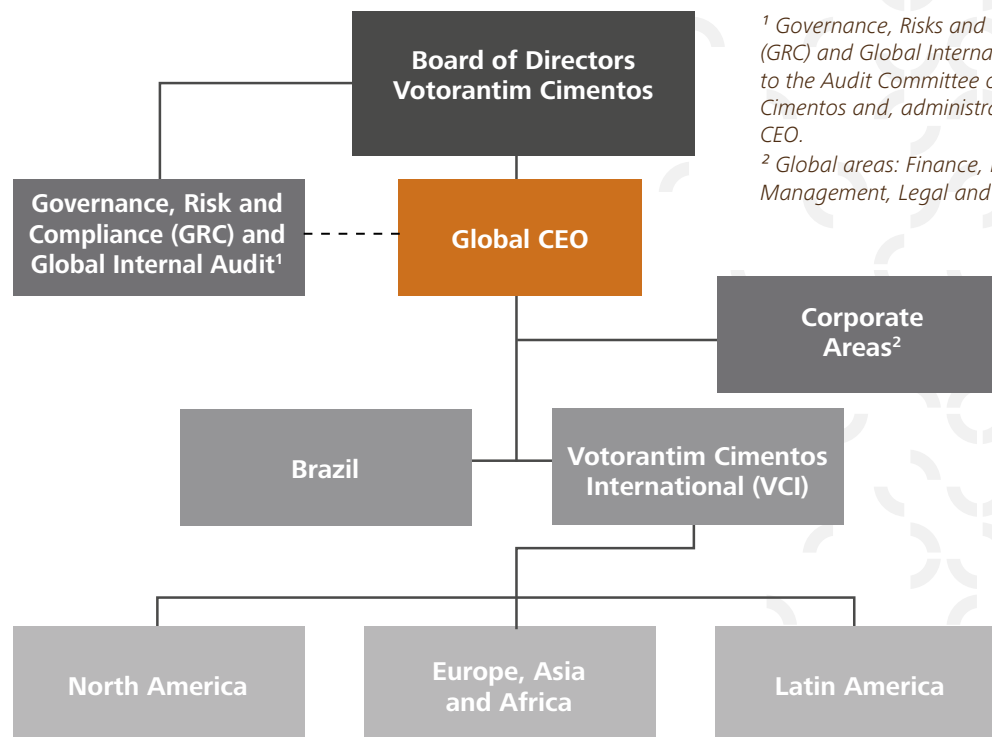
GOVERNANCE BODIES

BOARD OF DIRECTORS

This is our highest governance body. In 2020, the Board of Directors had six members, three of whom were independent (including the Chairman of the Board), and held 11 meetings, including both ordinary and extraordinary meetings. This format, where half of the members and the Chairman of the Board are independent, is in line with best corporate governance practices in Brazil.

All information on the company's activities and on the macroeconomic, political and social conditions are monitored by the Board, which manages strategic issues and sets policies according to a model that aims to ensure agility and efficiency in decision making.

GRI 102-26



¹ Governance, Risks and Compliance (GRC) and Global Internal Audit report to the Audit Committee of Votorantim Cimentos and, administratively, to the CEO.

² Global areas: Finance, People & Management, Legal and Sustainability.

In 2020, the Strategy and Innovation Committee was discontinued and issues previously under its responsibility are now handled by four work groups that are monitored by the Board of Directors: Decarbonization, Brazil M&A (Mergers and Acquisitions), Global M&A and Innovation.

Composed of board members, these working groups conduct in-depth discussions and detailed analysis of specific topics that are strategic and sensitive to the company, and make recommendations to be deliberated by the whole board. In 2020, these working groups held seven meetings. Two of these meetings were held by the Decarbonization Working Group to discuss the company's sustainability strategy and targets to reduce its future emissions.

The creation of this dedicated group to discuss sustainability issues in depth highlights the evolution of this subject within our company, which continues to be aligned with changes in the behavior of customers and investors.

In 2020, one of the most important results in this area was the approval by the Board of Our 2030 Commitments, which include a decarbonization plan. It is worth mentioning that our CEO is responsible for managing climate issues and follows the progress of mitigation actions, internal carbon pricing and evaluating climate finance. All our goals, as well as our performance in matters related to material issues, are detailed in this Integrated Report, which has also been approved by our CEO. **GRI 102-20, 102-32**



VCNA executive team in a virtual meeting (from left to right): Jeffrey Ouhl, Resha Watkins, Steve Gallagher, David Fernandez, John McCarthy, Bill Asselstine, Kelly Curtis, Edilson Chimilovski, Jolanta Malicki and Filiberto Ruiz

BOARD OF EXECUTIVE OFFICERS

Statutory body responsible for the management and representation of the company. In 2020, it was composed of the Global CEO, Global CFO, COO and Global Legal director.

BRAZILIAN LEADERSHIP TEAM (BLT)

Composed of executive officers in Brazil.

The decarbonization working group involves board members directly in discussions related to our sustainability strategy

GLOBAL EXECUTIVE TEAM (GET)

Composed of the CEOs of the four regions: VCBR, VCLATAM, VCNA and VCEAA, plus all global officers.

For more information on the composition and responsibilities of all governance bodies, please access our [Investor Relations page](#). **GRI 102-22**

Ethics and Integrity

GRI 102-16, 102-17, 205, 206, 406: 103-2, 103-3

Ethics and integrity are irrevocable and paramount principles at Votorantim Cimentos. The company is strongly committed to compliance and transparency practices.

Our Code of Conduct must be followed by all our employees, and should serve as a reference for our business partners. We believe that Compliance is a daily journey and must be naturally integrated into our operations. That is why investing in strengthening our processes as well as in continuous education and

communication about our Compliance Program has been a priority. A culture and environment of integrity are achieved when we successfully engage our stakeholders on our practices and help them routinely identify, monitor and address compliance risks.

If any violation of our values or policies is identified, employees are encouraged to report the situation to their leaders or responsible areas, such as HR, Legal or Compliance, depending on the topic.

Another way to report suspected misconduct is the Ethics Line. Our employees, as well as our third parties, business partners, investors or any other stakeholder can contact the Ethics Line to clarify questions about the Code of Conduct or report irregular conduct observed in our operations, such as acts of corruption, fraud, harassment and discrimination. The Ethics Line is a confidential and secure channel for submitting anonymous or non-anonymous reports and concerns, which operates 24 hours a day, seven days a week, in five languages (English, Spanish, Portuguese, French and Arabic), by phone or through a website. The reports are first received by an independent international third party and users have total assurance that the cases will be investigated, under strict confidentiality, and properly addressed. Our company evaluates and answers 100% of all received reports.



Compliance Month promotional banner

CONTINUOUS EDUCATION IN COMPLIANCE

In 2020, despite the coronavirus pandemic, our annual compliance education program was maintained, including worldwide events to celebrate Compliance Month. These events were led by our top management—including our Chairman of the Board of Directors, members of the Audit Committee, the Global CEO, Regional CEOs, the Compliance Officer and other senior executives – and broadcast live.

The topics selected to be included in these events took into consideration the characteristics, environment and risk exposure identified in each of the countries. For example, in Brazil, where municipal elections were

taking place, we dedicated a significant portion of Compliance Month to practical exercises and to instruct our employees on Votorantim Cimentos’ standards and guidelines regarding government relations and conflict of interest. But the cross-cutting message of our global events was that compliance must be fully integrated into our daily activities, must always be put into practice, and that we expect our leaders and employees to be actively committed to an ethical conduct.

ETHICS IN DONATIONS

As one of the largest companies in Brazil, and with operations around the world, we quickly assumed a leadership role in managing the crisis caused by the pandemic in the towns where we operate, by establishing agile processes. Through the commitment of many areas and employees, we made a positive impact on the health of the communities. Thanks especially to the involvement of our top management, compliance and sustainability teams, together with the Votorantim Institute, and engaged, compassionate employees, we were able to ensure a clear, compliant, transparent and safe donation process, organized through constant, open and ethical dialogue with public agencies. “In Brazil, we prioritized the towns to receive donations according to strict and technical criteria, based on a public tool named Municipal Vulnerability Index, which provides an x-ray of the location,” said Priscilla Ribeiro, Social Transformation manager.

REMOTE AUDITS

Given the need to maintain social distance to avoid the spread of the coronavirus and our decision to have a large part of our teams working remotely, one of our initial concerns was the challenge of performing internal audits—historically, the control of activities and interactions with business areas have always happened in person.

One of the solutions we found was to innovate our approach by investing in remote monitoring and auditing models. For cases where remote auditing was not feasible, in particular on-site audits at our plants, we postponed the activities until 2021 to ensure maximum accuracy. **GRI 205-1, 205-2, 205-3, 406-1**



Our employees delivering donations to address the pandemic in Brazil



IN THIS CHAPTER

- Business Model
- Risk Management
- Circular Economy
- Innovation for the Future

Bridge in Brazil built with
our products

STRATEGY AND MANAGEMENT

STRATEGY AND MANAGEMENT

As leaders in the building materials industry in Brazil and the seventh largest company in this sector worldwide (excluding China), our main objective is to grow and innovate, improving the efficiency of our processes and increasingly aligning our businesses with sustainable models. We are attentive to modernization and work to adapt our processes to meet the new demands of today's world.

We continue to be guided by ethics, integrity, the promotion of diversity and inclusion, and the responsible use of natural resources, while always maintaining alignment with our global strategy, which is based on four pillars: customer focus, empowered people, best-in-class operations and sustainable practices.

In 2020, we obtained the approval of our sustainability strategy by the Board of Directors and made public our global 2030 Commitments. The document includes a set of seven pillars, with ambitious targets that are aligned with the UN Sustainable Development Goals and will guide our actions to ensure the combined development of the company, the environment, our employees, the communities where we operate and the whole society. **More information on [Our 2030 Commitments](#).**

CAPITAL ALLOCATION

In 2020, we completed our 2021-2025 strategic planning cycle and redefined our ambition. We conducted assessments in all regions where we operate and determined our long-term drivers. This resulted in a new ambition, which was translated into a value agenda with five strategic drivers:

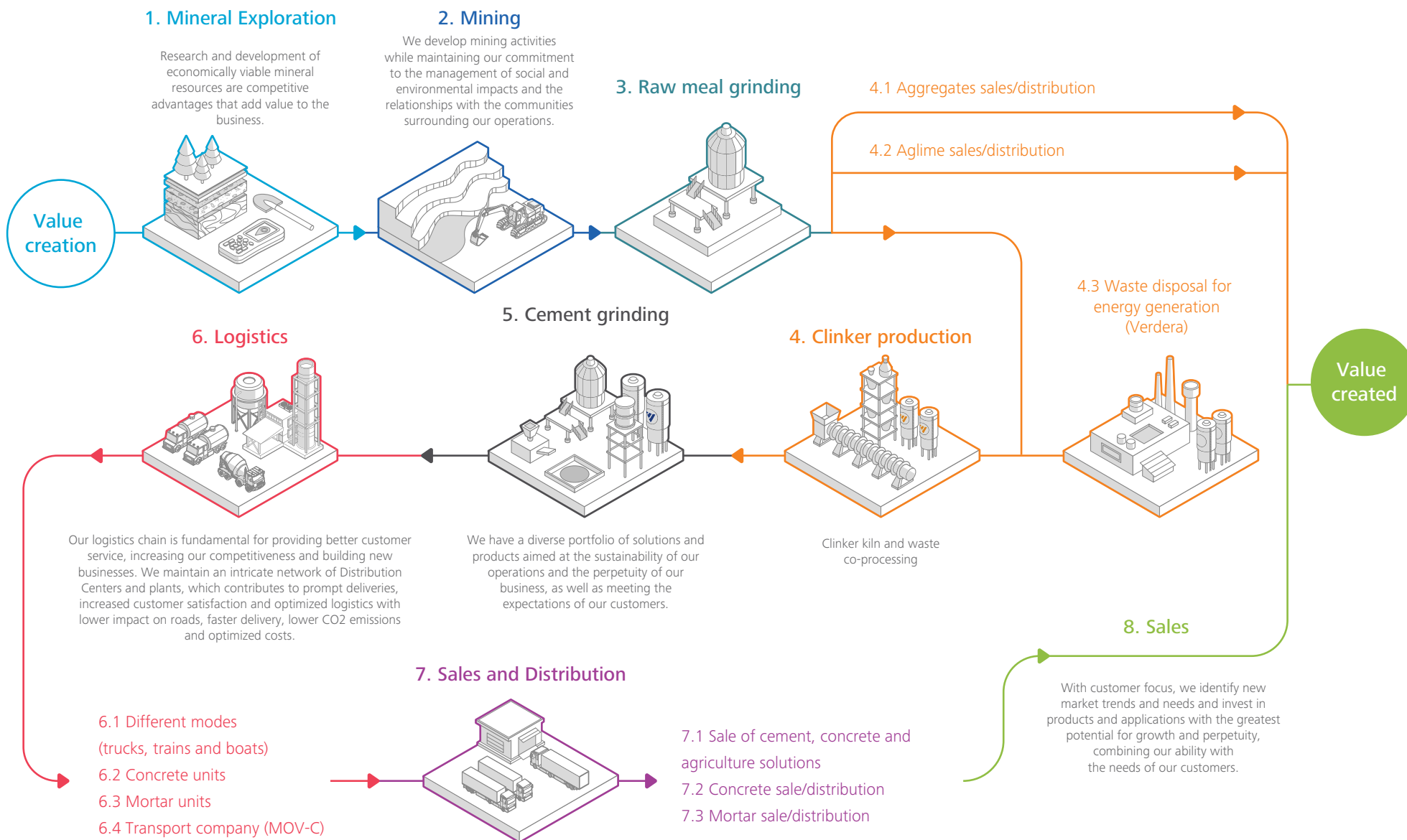
- 1. Strategic positioning and growth** – determine the ideal portfolio for the future;
- 2. Financial performance** – ensure return for investors and stakeholders;
- 3. Competitiveness** – occupy relevant positions where we operate and have a strong market share;
- 4. Business transformation** – plan new products and new business models with an eye on future demand;
- 5. Sustainability** – with a sharper focus, understand that the company must have green practices, supported by human rights, that also generate a return for stakeholders.

Throughout the year, we optimized our capital allocation process, with the goal of making our company more efficient. We considered the needs of all regions and created specific methodologies for each of them. A list of priorities was developed based on discussions and analyses that also considered global perspectives. This process will also include detailed monitoring of each initiative to assess, through a strategic tracking policy, whether the allocation of resources is moving in the right direction.

Sustainability is a major driver of our business strategy

Business Model

Based on our four strategic pillars (Customer Focus, Empowered People, Best-in-Class Operations and Sustainable Practices), our business model captures, creates and distributes long-term value among all our stakeholders, thereby ensuring the sustainability of our business. To achieve this goal, it considers trends, risks and opportunities and is aligned with our 2030 Commitments





VALUE CAPTURE

SHARED VALUE

Capital	Inputs	Outputs	Outcomes
Financial	<ul style="list-style-type: none"> • Own resources (cash) • External resources 	<ul style="list-style-type: none"> • R\$ 437.5 million net income • R\$ 16.7 billion net revenue • R\$ 1.7 billion invested in Capex 	<ul style="list-style-type: none"> • Increase in company value • More attractive financing lines • R\$ 3.4 billion paid in taxes
Natural	<ul style="list-style-type: none"> • Raw materials (calcium carbonate, silica, aluminum and iron ore) • Energy sources for the production process (petroleum coke, biomass waste) • Water 	<ul style="list-style-type: none"> • Aglime • Co-processing 	<ul style="list-style-type: none"> • Circular production • Use of waste for co-generation • CO2 emissions
Human	<ul style="list-style-type: none"> • We employ 11,783 people directly 	<ul style="list-style-type: none"> • 1,789 new jobs created 	<ul style="list-style-type: none"> • Employee benefits • Health and safety and Well-Being • Climate survey
Manufactured	<ul style="list-style-type: none"> • Mining areas • Production lines • Administrative buildings • Logistic structure 	<ul style="list-style-type: none"> • Concrete • Cement • Aggregates • Mortars • Aglime • Transportation and logistics 	<ul style="list-style-type: none"> • Sustainable concrete infrastructure (wind towers, hydroelectric dams) • MOV-C
Social and relationship	<ul style="list-style-type: none"> • Social projects in 108 locations • Juntos Somos+ • Supply chain 	<ul style="list-style-type: none"> • R\$ 1.7 billion paid to suppliers • 7,314 contracted suppliers • R\$ 11.7 million invested in the community 	<ul style="list-style-type: none"> • Sustainable infrastructure made of concrete (wind towers, hydroelectric dams, affordable housing, metro, etc.) • Community development • Local economic development
Intellectual	<ul style="list-style-type: none"> • Brand value and reputation • Cybersecurity • Inova VC • Partnerships with startups, universities, research centers 	<ul style="list-style-type: none"> • RADAR project • Spectra • BIM tool for construction planning 	<ul style="list-style-type: none"> • Development of Industry 4.0 • Development of the circular economy • Global decarbonization roadmap

Risk Management

GRI 102-15

Created to ensure a quick response when we identify a topic with potential negative impact on the company's performance, our risk management model is based on the principles and guidelines established by the ISO 3100/18 methodology.

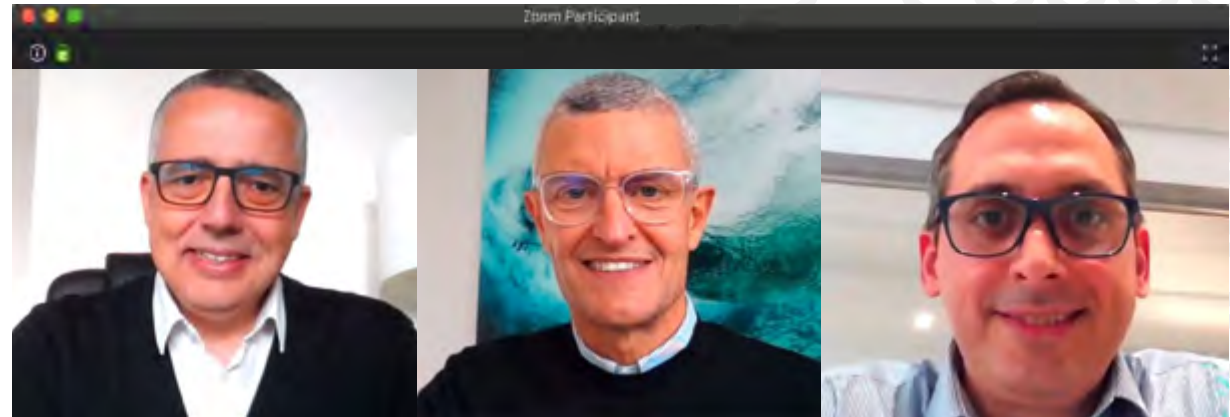
We focus our risk identification in four main categories: Operational, Financial, Compliance and Strategic. The analysis of risks that are inherent to our business in these categories enables us to identify risk events that may affect our company goals.

The risk assessment is done through a bottom-up and top-down approach: first, individual interviews are carried out with operational and corporate areas and later the topics raised are discussed with the leadership team.

All risks are analyzed and classified considering their likelihood and impact (financial, legal, social, environmental, safety, image and reputation, stakeholders and internal climate).

Governance processes are established according to the risk classification and the responsible areas develop detailed action plans to prevent risk materialization and mitigate their potential impact.

Continuously and systematically, all action plans related to top risks are reported monthly to the GRC area and the leadership team. Furthermore, the risk management process is reported to officers on top management, Audit Committee and Board of Directors periodically, with a global perspective.



VCEAA executive team in a virtual meeting (from left to right):
Rachid Seffar, Jorge Alejandro Wagner and Antonio Pelicano

Another highlight is our management of risks related to climate change, which are assessed by the sustainability area, monetized using different carbon pricing scenarios, monitored, and reported to our senior leadership. One of the topics already included in our Corporate Risk Matrix is carbon pricing for our operations in Brazil, based on current regulations in Europe, Canada and other countries in Latin America.

We also assess the risks related to an increase in carbon prices in countries where legislation in this area already exists, and the technological risks posed by the industry's possible dependence on CO2 capture and sequestration technologies. We monitor possible legal risk (such as impacts on the licensing of co-processing units, which are a key part of our decarbonization plan), market risks (imposed by changes in preference

of consumers of future generations) and physical risks (linked to a scenario of water scarcity in locations where we operate). For all these risks, we have detailed mitigation plans aimed at adapting the company to new situations, reducing our exposure in case any of these events materialize.

On the other hand, we are aware that the transition to a low carbon economy presents several business opportunities to the cement and concrete sectors, precisely because of the durability, resilience and versatility that these products offer to society and the fundamental role that concrete has in the construction of transportation infrastructure and the generation of low carbon energy.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

As a company committed to ESG, we voluntarily support the recommendations included in the Task Force on Climate-Related Financial Disclosure (TCFD) framework. This is a set of international recommendations for the disclosure of information on climate risks and opportunities, decarbonization strategies, goals and climate governance that companies must begin to adopt. The idea is that, based on the information disclosed, the market can accurately price the impact of climate change on business, increasing the efficiency of processes and the stability of the global economy.

The TCFD recommendations are structured around four dimensions, which reflect essential practices of large companies: Governance, Strategy, Risk Management, and Metrics and Goals.

This table shows where the recommended TCFD disclosure may be found in our public reports:

ALIGNMENT WITH TCFD

Governance

Organization's governance around climate-related risks and opportunities

Board oversight

Read more in *Corporate Governance*

The role of management

Read more in *A message from the Board*

Integrated Report:
pages 30 and 31

CDP: item C1.1, C1.2, C1.3

Strategy

Actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risks and opportunities

Read more in *Risk Management*

Financial and business impact

Read more in *Economic and Financial Results*

Scenarios

Read more in *Economic and Financial Results*
Read more in *Our 2030 Commitments*

Integrated Report:

pages 35, 44 and 88-92

CDP: item C2.1, C2.2, C2.3, C2.4, C3.1

Risk Management

Process followed by the organization to identify, assess and manage climate-related risks

Climate-related risk identification, management and monitoring

Read more in *Circular Economy*

Read more in *Our 2030 Commitments*

General risk integration

Read more in *Risk Management*

Integrated Report:

pages 38 and 39

CDP: item C2.1, C2.2, C2.3

Metrics and Targets

Metrics and targets used to assess and manage relevant climate-related risks and opportunities

CO2 targets report

Read more in *2020 Sustainability Agenda*

Details of scopes

1, 2 and 3

Read more in *Circular Economy*

Read more in *2020 Sustainability Agenda*

Climate-related targets

Read more in *Our 2030 Commitments*

Integrated Report:

pages 40, 41, 44 and 88-92

CDP: item C4.1, C4.2, C4.3, C5.1, C6.1, C6.2

Circular Economy

Concrete ranks second among the most consumed materials in the world, behind only water. Produced from cement, it is a versatile, recyclable, affordable and very durable building material, constituting a safe foundation for the construction of structures that contribute to the development of society.

However, like other large-scale industries, cement production also has socioenvironmental impacts on the planet. Recognizing our responsibility to reduce these impacts and solidify more sustainable production practices, in 2020 we made a public commitment to reinforce the principles of a circular economy within our company. This is an operating model that enables us to make more rational use of natural resources, address the whole value chain, properly dispose waste and increase our competitiveness.

These principles are already part of our company's ambitions, stated in Our 2030 Commitments. We are committed to optimizing our processes and developing technologies to deliver carbon-neutral concrete by 2050. To meet this challenge, we announced our commitment to three ambitious global targets related to the circular economy: replace at least 53% of the fossil fuels used by the company with alternative energy sources; reduce the proportion between clinker consumption and cement production by 68%; and recycle at least 70% of the concrete we produce, by returning it to the company to be recovered or reused in new products.

UNDERSTANDING THE CIRCULAR ECONOMY

Based on the cycles of nature, where no waste is created and all resources are reused, the circular economy aims to return the elements of the production process to the production chain. It goes against the classic—or linear—model, in which natural resources are extracted from nature to produce a product that is discarded at the end of its life.

The idea of the circular economy is to create a renew/reuse circuit, in which the extraction of natural resources is minimized, losses are eliminated, and by-products of other production processes are transformed into new raw materials. This way, the costs of the production process are reduced, in a way that promotes quality of life for the population and produces wealth without harming the environment.



One of our main initiatives in line with the principles of a circular economy is called co-processing. Cement production demands high thermal energy consumption, especially in kilns, which, to reach temperatures as high as 1,500 degrees Celsius, require a large amount of fossil fuels. Through co-processing, these fossil fuels are replaced by alternative fuels produced from waste that would otherwise be discarded and potentially affect the ecosystem. Biomass can also be used as a substitute for fossil fuel, with a positive impact on our CO2 emissions. "By pursuing a more sustainable path, we increasingly reuse waste to use the energy contained in materials that would otherwise be discarded, such as rice straw and sesame, cotton and soybean husks," said Eduardo Porciuncula, General Manager of Verdera.

Cement kilns are very flexible, enabling us to co-process waste. For example, we are able to replace fossil fuels with unrecyclable tires, industrial and urban waste, such as non-recyclable materials that end up in landfills, and biomass, such as açai pits, which are already used on a large scale in one of our plants in Brazil (Pará state), and olive pomace, already in use in units in Spain and Tunisia.

Globally, we currently replace 23.3% of the fuels we consume with alternative sources, and our goal is to increase this percentage even more.

Another important goal relates to clinker, the main ingredient in cement. This solid material, obtained by burning limestone and other raw materials at high

temperatures, currently makes up 74% of our cement. Our goal is to replace a higher percentage of clinker with by-products from other industries, such as steel slag and ash from thermoelectric plants, thereby repurposing these materials while also reducing the impact of our production and adding greater durability to our final product. We also use other cementitious materials, such as calcined clay, natural pozzolans and other materials, to minimize our environmental footprint.

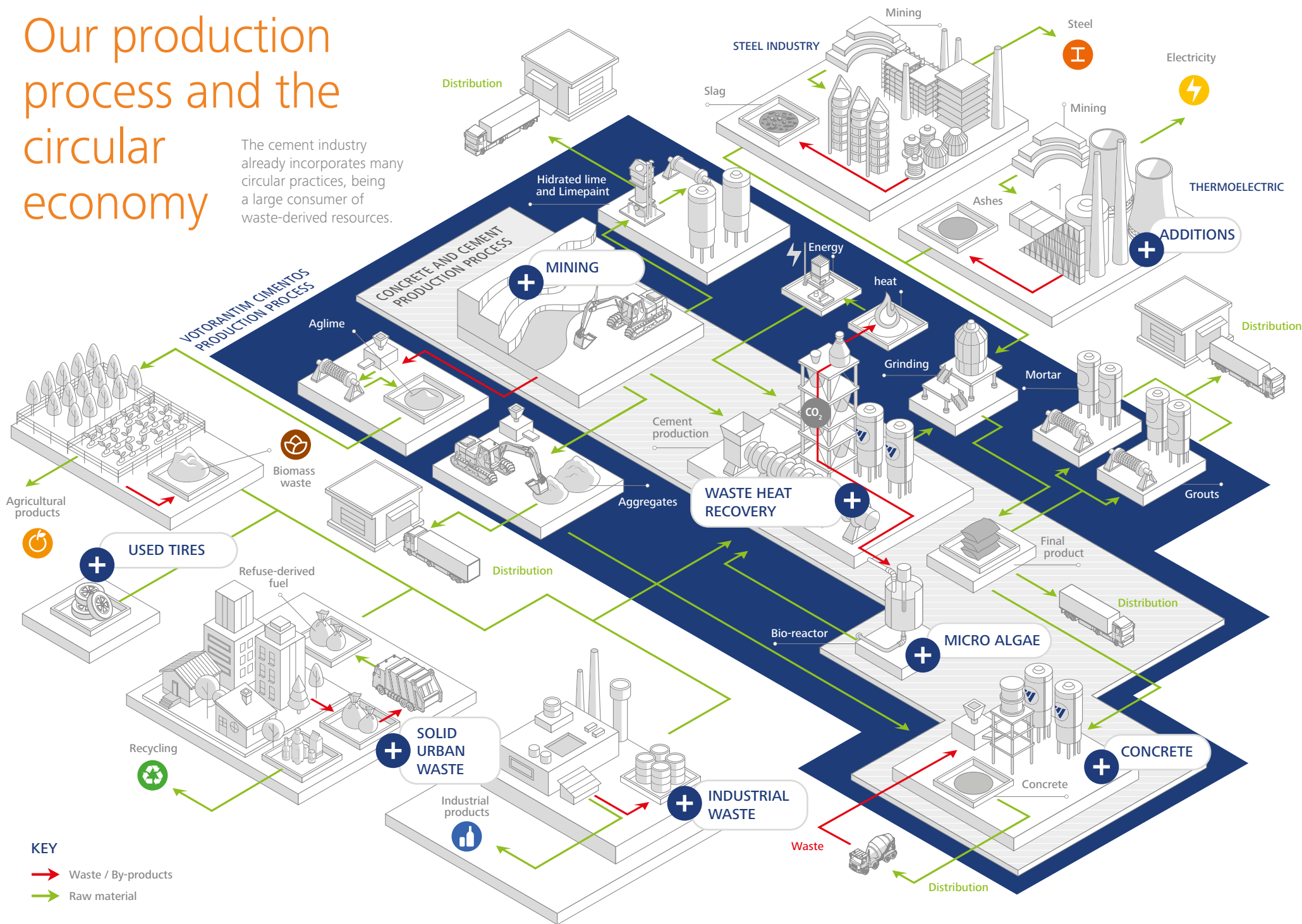
Globally, we currently replace 23.3% of the fuels we consume with alternative sources, and we intend to increase this percentage to reach 53% by 2030



Cooperative member and employee at our plant that co-processes açai pits in Brazil

Our production process and the circular economy

The cement industry already incorporates many circular practices, being a large consumer of waste-derived resources.



NEW BUSINESSES IN SUSTAINABILITY

Aiming to create new business opportunities that fit the principles of the circular economy by maximizing the use of our industrial assets while bringing value to shareholders, in May 2020 we launched **Viter**, a brand that represents our agriculture branch in Brazil. The business unit has great synergies with our cement operation, since it ensures maximum use of our mineral resources and cement by-products, while using our existing assets and sharing our logistics structure. “We were successful in launching the brand and with regard to the interaction of our teams, which communicated in an integrated manner. We have grown in number of customers and expanded to new segments, including citrus and pastures,” says Laercio Solla, General Manager of Viter.

It also strengthens our sustainability pillar: our greater participation in agricultural inputs reduces the creation of sterile material and directs high value mineral products to the agriculture.

In 2020, this business strategy, as well as the development of lines that increase field productivity, resulted in growth in sales:

- **In 2020, the year when Viter was launched, the company sold 4.9 million tons of agricultural inputs.** The main product in our portfolio is Optmix, which nourishes and conditions the soil through a single application. Aimed especially at cotton, soy and corn production, it was considered a success and is expected to continue to grow in 2021.

Use of Itaú limestone in a crop field in Brazil

- **In addition, aglime had record production in the year:** we ended 2020 with one million tons of aglime shipped during the year by the Nobres (MT) and Xambioá (TO) plants. This volume was 70% higher than in 2019, when aglime was not yet linked to the Viter brand.

Verdera – Another innovation in 2020 was the strengthening of Verdera, our waste management solutions business unit, which offers waste disposal services to other organizations while also procuring raw materials to be used as alternative fuels in our production kilns.

Although the coronavirus pandemic impacted the operation of companies that supply industrial waste, especially in the footwear, textile and automotive sectors, we were able to implement an efficient strategy to reuse agribusiness waste, mainly in the central-northern region of Brazil. Our kilns began to be fed with products that were previously useless, such as sesame,

cotton, soy and rice husks, in addition to açai pits and babassu shells that are already used in the plants.

In reuse of urban waste, one of our success stories is a project in the Salto de Pirapora plant, in the interior of São Paulo, which since 2018 has transformed part of the non-recyclable waste that is collected in the municipalities of Piracicaba and Sorocaba into energy for the production of cement. The expectation is that in 2020, the amount of waste reused in our industrial processes will reach 60,000 tons.

Through Verdera, we innovate, create value and make our cement production more sustainable while reducing the consumption of fossil fuels and the emission of greenhouse gases. Aiming at strengthening the circular economy and generating value, we increased our investments in co-processing by 141%, from R\$ 64 million in 2019 to R\$ 154.5 million in 2020. In North America, we increased



thermal substitution at our newly modernized Charlevoix, Michigan, cement plant in the U.S. by six times. In Bowmanville, Ontario, Canada, we nearly doubled our thermal substitution and made meaningful progress on permit requirements that will allow for a greater percentage of alternative fuels, as well as new types of alternative fuels. Co-processing strategies were also implemented at VCEAA, where we reached our goal of increasing our rate of fuel substitution for renewable energy sources, going from 17.8% in 2019 to 27% in 2020.

One of the highlights was a license obtained by the Toral plant, in Spain, to co-process alternative fuels. Operations began in July with the co-processing of shredded tires and have already reached an average rate of thermal substitution of 14%. In December, we also obtained a license to co-process biomass starting in January 2021.

At the Sivas plant, in Turkey, we invested 9,307 million Turkish lira in 2020 to install a new co-processing line, and obtained a license to start our activities. With these two new projects, all VCEAA plants are now licensed to co-process alternative fuels.

Other 2020 achievements in the area of alternative fuels include the update of the Yozgat plant's license to co-process 100% of alternative fuels and a milestone reached by the Hasanoglan plant, in Turkey: the highest thermal substitution rate in VCEAA history, 56% and 57% in two consecutive months.

In addition, at the Niebla plant, the rate of co-processing olive pomace jumped from 6% in 2019 to 26% in 2020, reaching monthly averages of 38% and 39% in several months during the year. This achievement is the result of a series of operational improvements and optimizations at the plant, resulting in an application for a permit to expand the options of alternative fuels co-processed at the plant.

EMISSIONS REDUCTION

In 2020, we reinforced our public commitment to reduce CO2 emissions in our production processes, in line with our responsibility to help contain climate change. Between 1990 and 2020, we reduced our CO2 emissions per tonne of cement produced by 25%. By 2030, we will reduce them by another 12% as an intermediate target to achieve a carbon-neutral concrete production by 2050. To achieve these goals, we will strengthen our strategies to increase co-processing, by replacing fossil fuels; reduce our clinker factor, by seeking maximum clinker reactivity and using alternative materials; increase energy efficiency and investments in renewable energy sources; and pursue new technologies to capture the carbon emitted in our production process.

All of this effort has paid off: last year we were recognized for the third consecutive time as one of the best evaluated companies in the 2020 Climate Change Program of the Carbon Disclosure Project (CDP). The CDP is an international non-profit organization that assesses the environmental performance of 9,600 companies from different sectors, considering four main drivers: transparency, awareness, management and leadership.

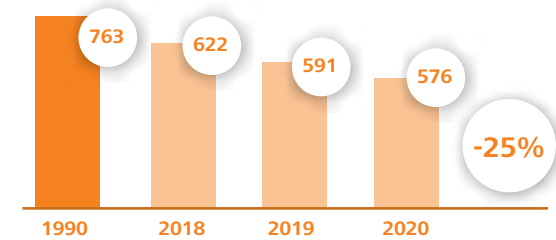
We received a score of A- and were the best rated cement company in Brazil in the Climate category and one of the four best cement companies in the world. This is an important recognition of our policies to reduce CO2 emissions, which have made us an industry benchmark.

This result reflects our engagement and ongoing

commitment to implementing world-class practices. One example was the use of an internal price on carbon, which in 2020 remained in the 20 USD range. This information is disclosed to investors and evaluated by the CDP, which monitors how companies manage their climate risks and provide transparent information to investors on risks, opportunities, governance and decarbonization strategy.

SPECIFIC NET CO2 EMISSIONS

Kg CO2 / t cementitious



Renewable Fuel

Our mortar plant in Ananindeua (PA) started using wood sawdust to replace diesel oil used in sand drying units for the production of mortar. In 2020, the substitution rate was 95%. Our plan is to take the initiative to other plants, especially Cajamar (SP) and Cuiabá (MT).

Through yet another innovative initiative by Votorantim Cimentos in Brazil, we were able to add value to the production chain, while reinforcing the concept of a circular economy and contributing to achieving carbon neutral targets.

Innovation for the Future

Innovation is part of our DNA, which has set us apart for almost a century as a company that is flexible and able to adapt to changes and meet the new demands of today's world. Despite the coronavirus pandemic in 2020, we continued to invest in innovations and believe in working together to find solutions for crises.

Seeking to strengthen ourselves as an “ambidextrous” company—that on one hand, delivers a diverse product portfolio with profitable results on a daily basis and, on the other hand, creates innovations for the future—in 2020 we launched our Innovation Strategy. The strategy combines five guidelines to foster innovation in production processes: alignment of innovation concepts with the executive team, identification of future trends in civil construction, definition and alignment of innovation subjects, development of projects by subject and governance model.

The idea is to encourage our employees to exercise creativity and experimentation by fostering and enabling tests of innovative projects, thereby allowing errors to be quickly identified and routes quickly corrected. This strategy is segmented into seven innovation territories: retailer performance, construction optimization, modulation, clinker reduction, CO2 capture, affordable housing and waste recycling.

Because of the pandemic, we allocated resources to retail innovations as a way to assist our partners in the sale of construction materials during the period of social isolation. In Brazil, we launched *VC Ajuda*, an online portal created to help store owners, industries and construction companies offer online sales solutions. The platform connects small business owners in the construction chain to their customers, helping them find the best places to buy construction materials—which had an increase in demand driven by small home renovations. The portal also helps consumers locate stores closest to their home to minimize traveling.

We continued to
invest in innovations
and believe in co-
creating solutions,
despite the challenges
of the moment



VC Ajuda also provided tips on how to boost sales, digitalize businesses and control inventories during the pandemic. Between April and December, the platform was accessed at least 42,000 times, bringing together 31,000 companies in the civil construction sector.

Another highlight was the expansion of our Viter portfolio, which, in addition to aglime, now also offers solutions for foliage and for deeper layers of the soil, helping farmers increase their productivity. There is also a plan to develop products outside the agricultural line by exploring opportunities in the animal feed segment.

During the year, our North American Ready-Mixed concrete business, Canada Building Materials (CBM), implemented an innovative software platform, COMMANDOptimize, that helps dispatchers evaluate all the operational information they need about orders, trucks, plants, materials and other variables to make informed recommendations on how to best utilize resources and operate in an efficient and sustainable manner.

In 2020, we started extensive work to compile innovative projects. We included at least 50 ideas within our innovation themes in the project pipeline. Among them, we selected seven main projects that began to be studied for implementation between September 2020 and February 2021. Our ultimate goal is to foster innovations, decentralizing them within the company and securing investments.

We launched **Spectra**, a new type of concrete with very advantageous characteristics for construction projects of all sizes. In addition to being a low carbon concrete, what differentiates the product is that it can be used anywhere in the structure of a building, from the foundation block to the top flooring, offering great diversity and higher savings.

Another important strategy for the development of new sustainable technologies was our participation in the **GCCA/Innovandi** research network. This is a global innovation platform that is part of the Global Cement and Concrete Association and brings together companies, additive specialists, equipment suppliers and scientific institutions willing to drive innovation in the sector.

As members, we actively participated in the discussions of Innovandi in 2020, contributing to the selection and creation of projects that will be developed in the coming years, focusing on technologies that help reduce CO2 emissions in the production of cement and concrete. The main themes of the new projects include: use of artificial intelligence to improve clinker reactivity; natural and accelerated recarbonation; carbon capture, storage and utilization (CCSU) techniques; and development of new binding substitutes for clinker.

Along those lines, in 2020 we also delivered the **Votoran Special Construction Cement with dispersible packaging**. Developed over two years in partnership with Klabin, this packaging is made with 100% dispersible paper and will simplify and streamline the production of concrete, since it can be used on horizontal-axis concrete mixers. The cement bag does not need to be opened; it can just be added to the mixer together with water and aggregate—with no resulting waste. Since this is a pilot project, the product will be initially produced only at the Rio Branco do Sul (PR) unit. Some of its benefits include guaranteed high performance and easy handling.



Votomassa grouts

Votomassa Grout Color Simulator

To help consumers in the finishing phase of their construction project, in December we launched the **Votomassa Grout Color Simulator**, an online tool that enables simulations of the eight grout colors for ceramic and porcelain tiles and floors. Accessed through the **VC Ajuda** website, this tool allows consumers to test the colors of the coatings and grouts in four environments (kitchen, living room, bathroom and outdoor area) and simulate the color of the grout applied to the coating, using their cell phone camera.



Industry 4.0

In 2020, we remained focused on our Automation and Information Master Plan, where our initiatives are divided into four areas: Structuring, Data and Image Analytics, Artificial Intelligence and Robotization.

One of the highlights in Industry 4.0 during the year was Spectrum, an asset monitoring project that involves several innovation initiatives. This is a system that sends alerts that enable predictive maintenance.

In 2020 alone, Spectrum led to a cost reduction of approximately R\$ 16 million; by 2023, the system is also expected to automate corrective actions.

In the area of Robotization, we have been using drones in 13 of our 27 units in Brazil. These drones manage stocks of raw materials such as limestone, clay and gravel piles, reducing the work previously carried out on foot in as much as three hours to just a few minutes.

In 2020 alone,
Spectrum led to a
cost reduction of
approximately
R\$ 16 million



One of our cement plants in Brazil

INNOVATIVE LOGISTICS

The year 2020 was particularly important for the review of our logistics strategy, with a constant focus on ensuring efficient intermodal transportation for our products and raw materials and developing more sustainable solutions. With the goal of lowering costs and reducing emissions, we continued to implement the Clean#100 project. By aligning strategy, intelligence and extensive market knowledge, we have gained competitiveness and reduced costs associated with the transport of our products.

To simplify processes and increase security, we implemented innovative features in logistics operations. We created a quick and direct communication channel through a mobile app, exclusively for our drivers. One major innovation was providing information on the best routes in real time, which optimizes transport services and increases speed for drivers.

In addition, we invested in five distribution centers (DC), of which three started operating in July: a new DC was constructed in Uberaba (MG); a DC was created within our Cajamar (SP) mortar unit, which will enable us to offer more products in our portfolio; and our DC in Osasco (SP) was moved closer to the Presidente Castello Branco Highway, improving security, infrastructure and accessibility. In November

and December, two new DC were constructed, one in Arapiraca (AL) and one in Campos Novos (SC), respectively.

Finally, our most important initiative in this area in Brazil was the creation of the MOV-C startup, a new carrier dedicated exclusively to the logistics chain, whose main customer is our own company. To ensure optimal results, MOV-C hires independent drivers directly. They are guaranteed work and prompt payment, which strengthens our relationships with these partners.

MOV-C started operating in 2020 for VC's inbound shipments to the Imituba (SC), Cajati (SP) and Grajaú (MA) units and for all VC's outbound shipments made by independent drivers. In its first year in operation, 2.16 million tons were transported and 208,106 trips were made by MOV-C.

An important innovation in Spain was the launch of Asseguratte Logística, an app specially developed to guide external drivers. The tool has modules that cover all stages of the logistics process, from precheck to feedback. Depending on the task they are performing, drivers receive questions that must be answered to ensure safety and efficiency when loading or unloading products. In 2021, the new app will also be tested in Turkey.

Main Pillars of MOV-C:

- Cost Efficiency
- Transport Matrix
- Technology and Automation
- Collaborative Business



Luis Eduardo de Oliveira Vallim,
Logistics Director, VCBR



IN THIS CHAPTER

Our Employees
Social Transformation
Supply Chain

CARING FOR PEOPLE

Employee in our corporate office in VCNA

CARING FOR PEOPLE

The year 2020 made it clearer than ever that we work to produce the best positive and long-term impact in everything we do. Our focus on people during the pandemic—including our employees and their families, our suppliers, customers and the communities

where we are present—demonstrated how we value what is important and confirmed our journey toward sustainability. Therefore, in 2020, we developed a strategic plan focused on people management for the next four years:

People Management Strategy

2021-2025 Targets

- Evolve and unify our culture with revised values and simplified, common strategic direction;
- Improve the management of industrial technical knowledge and prepare the organization for the transition of generations. Structure the Technical School first in Brazil and then in other regions;
- Implement/modernize the potential and performance assessment model;
- Create a more comprehensive employee health management plan to improve well-being and, as a result, prevent negative future financial impact;

- Strengthen diversity as a competitive advantage, respecting differences among individuals, cultures and realities;
- Simplify human resources processes to make the “employee journey” simpler and less bureaucratic;
- Strengthen governance of global people management processes;
- Focus and reinforce the industrial management model and reinforce knowledge in leadership management;
- Continue the evolution of internal communication, reaching increasingly more employees through the Workplace platform;
- Reinforce our external positioning among various stakeholders (advocacy).



Employee at one of our VCEAA plants

Our Employees

We demonstrate care and compassion for employees and honor all labor obligations in the countries where we operate. We have an internal compensation policy that puts our belief in Meritocracy into practice. We work with a focus on fulfilling workday requirements and ensuring our employees their freedom of association with unions.

We ended 2020 with a total of 11,783 employees. In a year that people management was marked by major challenges related to the COVID-19 pandemic—whether due to necessary health and safety measures or the need to adapt to remote work—we proved how genuine and consistent our attention to people is. During the

coronavirus crisis, our priority was to offer physical and psychological safety to our teams, guaranteeing jobs and 100% of salaries without diverting our focus on health and well-being, diversity and inclusion, and training and development. “The year 2020 was marked by our concern and attention in caring for and offering physical and psychological safety to our teams. We stayed close to those working remotely, so we would know how to help them. We launched initiatives to support employees and family members in the pandemic, such as virtual informational events,” said Cristiano Brasil, Global Director of People, Management and Communication.

GRI 102-8, 405-1

We prioritized the physical and emotional well-being of our employees during the pandemic

In April, we joined the *Não Demita* movement (“No Layoffs”), publicly assuming the commitment to not layoff any of our employees in Brazil until July. Created by the Brazilian business community to protect jobs during the COVID-19 crisis, the *Não Demita* commitment was signed by more than 3,300 companies.

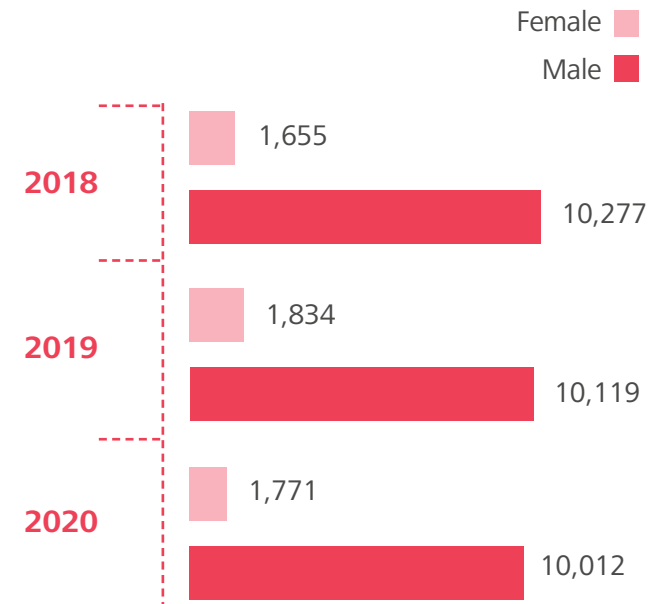
COM VC for the Family

Because of the pandemic, ComVC—our program to present VC’s quarterly results to employees in Brazil—and similar programs in our regions became 100% virtual. This year, we produced a special event that was named “ComVC for the Family” and made available via our YouTube channel. With a special agenda on coronavirus preventive care, the program could be watched at home by our employees and their families.



Images of the online event ComVC em Família

Total employees by gender



Health, Safety and Well-being

GRI 403-6

Safety is a non-negotiable value. We are guided by our Global Health and Safety Policy and our Life-Saving Rules and maintain a system based on the ISO 45,001 Standard. Safety is managed globally and is closely monitored by our local teams. Our workers are encouraged to report risk situations, and all reports are consolidated and handled by the responsible parties. Our procedures contain disciplinary measures, including sanctions for cases in which workers are subjected to situations that could result in accidents.

GRI 403-1, 403-2

In 2020, we developed several initiatives to preserve and further improve the health and safety of our employees. In keeping with our goal of making processes as easy as possible, we updated our integration video, developed to instruct visitors to our facilities in Brazil. We also simplified the voting process for the Internal Accident Prevention Commission (CIPA) through the Health and Safety Management System (GENU System), which enables votes to be electronically cast (including via cell phone) and counted. GRI 403-4

To further engage our teams in health and safety issues, we provided Accident Investigation training for the entire Brazilian Occupational Safety team and appointed employees as safety ambassadors.

GRI 403-5

At VCEAA, several initiatives to promote the health and well-being of employees were implemented in 2020, including the digitalization of safety processes, implemented in Spain. This measure simplified safety routines and eliminated identification errors and paper records. It also incorporated an NFC technology reader that uses stickers or clamps with individual codes, enables identification by approximation and ensures direct access, thereby reducing data checking time and equipment search in the app. All these measures help teams manage and mitigate the occurrence of accidents.

GRI 403-7

Also in Spain, we conducted a robust driver training program on online platforms that could be accessed via personal computers, tablets and smartphones. Drivers went through a refresher course that involved topics such as safety values and strategy, safety standards, good practices and safe behaviors.

GRI 403-5

Our greatest challenge, however, was managing the new coronavirus pandemic. Like most companies, we had never managed a pandemic crisis and decided to take a conservative approach, acting in a preventive manner. We were agile in making decisions and our actions were meaningful and assertive, given the scenario presented by this major occupational health challenge.

Our COVID-19 Committee/Special Committee for the Management of the Coronavirus Crisis facilitated daily deliberations, including the decision to temporarily remove from their duties employees in risk groups, such as people over 60 and pregnant women, and the adoption of rigorous measures to prevent transmission within our units (testing, temperature checks, cleaning, mask and hand sanitizer distribution, social distancing, etc.).

Our Health and Safety teams monitored all suspected and confirmed cases of COVID-19 daily, including both our employees and third parties, reinforcing our care for people. We hosted Daily Safety Talks



Employee at one of our
VCEAA plants

Image of the virtual happy hour #SextouVC, a tribute to the Beatles in celebration of Mother's Day

and produced health videos focusing on preventing transmission inside and outside the company by instructing employees to choose to be outdoors, not to share papers and pens, maintain social distance and wear a mask. At the end of the year, we held a special virtual live event with Brazilian doctor Drauzio Varella, who addressed important topics, such as COVID-19 prevention, quality of life and mental health.

We moved our entire administrative staff to work remotely and invested in communication. We intensified our communication in our internal communication network through the distribution of health materials and campaigns. On April 9, we published the first e-book edition of "Organizational Guidelines and Initiatives to Combat Coronavirus".

We held our Internal Work-Related Accident Prevention Week (SIPAT) exclusively online and launched a brochure to ensure comfort and safety when working from home. With employees working remotely, we leveraged our technology and empathy to offer well-being, safety, information, support and motivation to our employees and their families through various initiatives, such as:

- **Distribution of ergonomic kits for home offices in Brazil:** Swivel chair, keyboard, mouse, laptop docking station, headset.
- **Employee Assistance Programs:** Additional external resources and experts are available to employees who may be struggling with personal, physical or mental health issues.



- **Proactive employee support:** A multidisciplinary team that provides assistance to employees and their families. Under normal circumstances, this is a reactive service, but during the pandemic our psychologists proactively called all suspected and confirmed COVID-19 cases.
- **H1N1 vaccine:** From April to June, the H1N1 vaccine was made available free of charge, an important initiative to prevent the flu.
- **Online fitness classes:** Stretching, yoga, pilates, dance, GAP, functional exercises.
- **Psychological support and coaching:** In Spain, we offer free, completely confidential and unlimited psychological support and coaching through video or phone consultations, to help employees deal with emotional issues. They also have access to a Wellbeing portal, where they can find videos, books and articles to learn about improving their wellbeing.
- **Sextou com VC ("TGIFwithVC"):** Launched in Brazil in May, this happy hour, held on Fridays, is broadcast live via our online platform. The idea is to offer the opportunity for coworkers to relax, get together and socialize even when they are at home. It highlights the various talents of our employees, who put together performances such as a tribute to the Beatles, country hits, southern rhythms and others.
- **Virtual mental health live events:** Presentations by specialists to help employees deal with issues such as a balanced diet, self-knowledge, financial and work-life balance, social isolation with regard to children, family and work, the loneliness of living alone, and overcoming grief.



Employee at one of our VCEAA plants

"YOUR LIFE IS MADE TO LAST"

This was our slogan for citizenship and awareness activities for employees, families and communities in the fight against the coronavirus. Launched in August, this social movement aimed to increase communication about measures to prevent and combat the coronavirus. To help in this effort, we made available materials such as posters, banners, stickers, leaflets, videos and a song, all free of charge to customers, retailers, employees, schools and other community organizations.

One of the key pieces in Brazil was a song performed by the singer Bruna Ene that includes messages such as the importance of masks, hand sanitizer, hygiene and cleaning measures, social distancing and caring for risk groups during the pandemic. The song is the soundtrack of an animated video that has the power to move children and adults alike. Click [here](#) to watch it.

FATALITIES

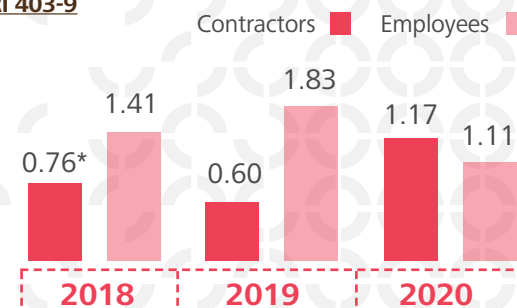
Despite our sharp focus on our safety controls, unfortunately we had two fatal accidents in 2020, one at the Laranjeiras unit (in the state of Sergipe, Brazil), caused by a material leak, and one at the Uruguay unit, where a contractor was found near quarry equipment—this case is still being investigated for a potential health-related cause. "Exposing our employees to risks within our operations is unacceptable," says Marcelo Castelli, Global CEO. "That is why we continue to invest in safety, to minimize the risk of accidents as much as possible, in an effort that has already shown results with a considerable decrease in the number of incidents. After these fatalities, we reinforced our efforts to simplify processes, including virtual training and the creation of a specific procedure to deal with hot materials and gases."

OPTIMIZATION OF PROCESSES

In 2020, we focused on a strong effort to optimize our safety processes, which resulted in a reduction in accident frequency rates, especially at VCBR and VCNA. The simplification process included virtual training and focused on developing skills to avoid the most critical dangers in our operations. One of the topics of training, for example, was the Standard Operating Procedure 333, a standard that addresses the risks of dealing with hot gases and materials.

Global Frequency Rate¹

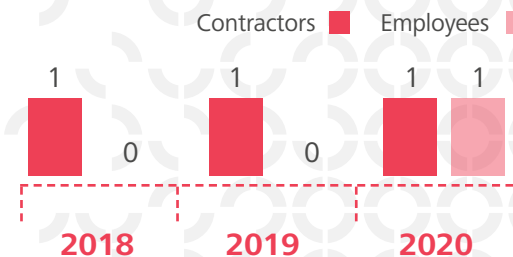
GRI 403-9



¹ Considers the number of lost-time injuries divided by the total hours worked X 1,000,000. Figures do not include Uruguay operations, except for number of fatalities.

*Revised Figure GRI 102-48

Number of Fatalities¹



¹ Considers occurrences on-site cement, aggregates, mortar logistic, aglime and concrete facilities



Janeiro Branco

Vamos falar sobre
Saúde Mental?



White January
Should we talk about Mental Health?




#PodeEntrar com Bianca Dellafancy.

A drag queen, modelo, YouTuber, podcaster e DJ vai conversar com a gente sobre os desafios da inclusão de pessoas LGBTI+. Participe! A live será no dia 28/08, a partir das 14h, no grupo de Diversidade, no Workplace.

#PodeEntrar with Bianca Dellafancy

Drag queen, model, YouTuber, podcaster and DJ Bianca Dellafancy will talk to us about the challenges related to the inclusion of the LGBTI+ population. Join us! The virtual live event will be on 08/28 at 2:00 PM, in the Diversity group, on Workplace.

Colorful Live Events

During the pandemic, our monthly health campaigns continued to be implemented—changing to a live virtual event format. During “White January”, a month to celebrate the importance of health, we addressed the issue of depression. We also made videos to celebrate “Yellow September” (suicide prevention); “Pink October” (in addition to breast cancer, we discussed uterine and thyroid cancer and other women’s health issues such as nutrition, sleep quality and the importance of physical activity); and “Blue November” (prostate and colon cancer, as well as men’s health in general, including hypertension, smoking and nutrition).

Driving for Change

Driving for Change in Our Communities is an awareness campaign that honors and supports patients and victims of breast cancer.

The campaign began with a single ready-mix truck painted pink and emblazoned with breast cancer awareness symbols; today, it includes 18 custom themed trucks that circulate throughout the Great Lakes region in the U.S. and Canada on a daily basis. The initiative turns trucks into mobile billboards with messages affirming our support for breast cancer research, early detection and services that help those who are fighting the disease.

Similar awareness campaigns have been happening in other regions where we operate.

#PodeEntrar

Throughout 2020, we held four virtual live events of the #PodeEntrar series in several countries where we operate, to discuss inclusion and diversity. We gave voice to members of minority groups, who shared, from their personal experience, how important it is to promote and defend social inclusion. For example, we invited the drag queen Bianca Dellafancy to talk about the rights of the LGBTQI+ population; the influencer Andrea Schwarz, who presented on people with disabilities; the black digital influencer Ana Paula Xongani, who discussed diversity; and the cleaning lady and entrepreneur Verônica Oliveira, who talked about black entrepreneurship.

Diversity and Inclusion

GRI 405: 103-2, 103-3

In 2020, the year following the launch of our [Manifesto for Diversity](#), we continued to work toward our goal of being an increasingly diverse and inclusive company. We walk this journey internationally, while respecting the cultural differences of the regions where we operate with each region establishing specific and relevant strategies. We are committed to increase the number of women in leadership positions. Last year, we advanced in this area by increasing the percentage of women in middle management. At the beginning of 2021, we made great progress in diversity: for the first time, women will be part of our Board of Directors and our Compensation and People Committee.

The economist Clarisse Lins will be a new member of the Board of Directors. After a remarkable career in the public and private sectors, she will leave her

position as president of the Oil and Gas Institute (IBP) to join the Board of Votorantim Cimentos as a director, starting in March 2021.

Luciana Domagala is joining the Compensation and People Committee. With over 25 years of experience in Human Resources, Luciana will add strong expertise in training and organizational development processes, leadership development, cultural transformation and internal communication. In addition to gender equality and female empowerment, diversity efforts in Brazil also include race and ethnicity, LGBTI+ and people with disabilities

Through Workplace, we engaged VCBR to participate in groups of allies, composed of employees dedicated to discussions and initiatives that make VC more

diverse. We also publicized their projects, including the #DiversidadeVC Questions Center (a series of videos to help promote the issue within the company), Stories that Build #Inclusion (testimonials from employees) and #Podeentrar (discussions on diversity topics that are also made available on Workplace).

In December, we launched in Brazil the [Diversity Talent Bank](#), as a way to solidify diversity in recruitment and selection processes and establish a channel for dialogue with several groups, thereby increasing our attractiveness among different audiences in various areas, positions and locations. The platform allows candidates to include their resumes in a database and also apply for open positions.



Some of our employees who represent our diversity and inclusion

Initiatives and positions in favor of inclusion and diversity are in place in all regions where we operate. At VCNA, for example, we condemned the murder of George Floyd, the African American man who was asphyxiated by the police in Minneapolis in May 2020. Our arm in North America strives to strengthen its inclusive and diverse company, with a team of leaders who are committed to maintaining an environment where employees feel safe, disagreements are open and constructive, and ethics and integrity guide our conduct. We also maintain our Ethics Line, which can receive anonymous complaints regarding disrespect for human rights.

GROUPS OF ALLIES

During 2020, we strengthened and expanded the work of our Groups of Allies around various themes related to the appreciation and recognition of social minorities. There are four groups in total: People with Disabilities (PWD), LGBTQI+ Pride, Ethnicity/Race, and Women (gender equality). Our mission is always to promote diversity and fight prejudice, both among our teams and in society in general.

On International Day of Persons with Disabilities, celebrated in December, the PWD Group of Allies held a workshop on leadership and career, where people with disabilities shared their experiences with our employees. Likewise, the LGBTQI+ Group of Allies participated in the webserie “Trans Capital: what is your company doing to embrace diversity?”

This group also supports and guides LGBTQI+ employees who want to feel more comfortable talking about their sexuality.

Other themes addressed during the year were the fight against racism and the promotion of women’s rights. Our Women group was strongly engaged in campaigns for gender equity. It launched the initiative “Yes, I can! #VCWomen” to promote and publish content for our employees on empowerment of women, including stories and testimonials from women who overcame situations of violence.

We strive to create an environment where all our employees have the confidence to express their true selves. Reinforcing this commitment, our CEO publicly spoke out against racism and racial discrimination, calling on all members of society to use our Ethics Line if they ever witness any act of racism involving our company. “Not being racist is not enough—we need to be anti-racists. You don’t have to be a person of color to fight racism,” said Marcelo Castelli, Global CEO.



Employees in our corporate offices in Brazil

Training and Development

GRI 404: 103-2, 103-3

Among the lessons learned in 2020 that we will take to the post-pandemic “new normal” is the training of our employees through virtual platforms. To keep the flame of people development alight despite social distance, our training and development team needed to reinvent itself—and it did so successfully.

From technical to leadership training, including the preparation of the 2020 trainee class that kicked off in person in January but continued virtually for the remainder of the year, we did not lose our focus despite the adversities; our online content had significant access and participation.

As a result, our initiatives in this area continued in 2020. They included, for example, career activities and the expansion of our Technical School, whose mission is to promote knowledge management and prepare employees for technical and behavioral excellence.

Technical School Celebrates its First Year

Launched in November 2019, the Technical School celebrated in 2020 its first 365 days of collaborative work involving several operations with the same objective: to train our employees and create a high-performance team within our company.

In one year, we trained 1,844 employees in 37 classes, with an average test score of 80%. We created 46 sets of material for self-study in the Technical and Management Tracks for the continued education of our teams. Also, 538 leaders participated in our training forums in Brazil. In addition, we reinvented ourselves by switching from an in-person model to a virtual format without losing the central focus of the school.

Cement Leader Program

In its sixth year, the Cement Leader program—which aims to develop technical and management skills of selected candidates trained in Mining Engineering—sought professionals from the South, Southeast, North and Northeast regions of Brazil to work in our Rio Branco do Sul (PR), Vidal Ramos (SC), Votorantim (SP), Araçari (PA), Xambioá (TO), Sobral (CE), and Laranjeiras (SE) plants. After three semesters, these professionals will be evaluated to assume leadership positions in the operational maintenance area.

PERFORMANCE EVALUATION

The changes made to our performance evaluation process in 2019 resulted in more continuous engagement, with the goal of ensuring career ownership as the main driver of development, particularly with more motivated and high-potential employees. In 2020, we ran the complete cycle of Performance and Career Management using the new methodology for the first time, including tools that reinforce technical and leadership skills. This change is in line with the challenge of maintaining our essence while also aiming to solidify our position as an employer brand.



Employee in our corporate office in VCNA

Social Transformation

GRI 102-43, 413: 103-2, 103-3

The year 2020 was particularly challenging: the coronavirus pandemic had a direct impact on income and purchasing power, especially among vulnerable families, increasing the need and urgency for social action. Recognizing our responsibility to the communities where we are present, we quickly readjusted our social strategy, redirecting investments, transferring activities to an online model and implementing initiatives to help contain the spread of COVID-19.

To mitigate the effects of the pandemic, we invested R\$ 11.7 million in social initiatives in 108 locations,

in line with our social performance drivers: local development, dialogue with the communities and respect for local culture. We also maintained a structure to invite and listen to the concerns of communities through the organization of social participation forums, such as Dialogue with the Community.

Maintaining the excellence of our processes during the pandemic, we used the Municipal Vulnerability Index (MVI) to define the criteria for our donations. The MVI is an indicator created with support from the Votorantim Institute to monitor the degree of vulnerability of each Brazilian municipality during the health emergency. This indicator uses secondary public data obtained through official sources and is made available to the public free of charge, to help inform decisions related to the pandemic made by public and private leaders.

As an additional monitoring resource, we used the Supply Inequality Index (SII), a tool created by the Votorantim Institute to indicate the concentration of health equipment (especially hospital beds, ICU beds and ventilators) in Brazilian municipalities and states. This indicator enables us to monitor the distribution of medical equipment in the country using an efficient methodology, based on the GINI Index, which measures income concentration.

Over the past three years, the company has contributed R\$79.5 million to social causes

THE URGENCY OF THE PANDEMIC

In 2020 we had to adapt our social strategies and priorities in record time to help ensure the health of the communities during the pandemic. We quickly directed efforts toward COVID-19 prevention, with an emphasis on activities in towns distant from large urban centers in the North and South regions of Brazil and in local communities in the other countries where we are present.

In a voluntary initiative by our employees, in view of the urgent need in the communities for hospital equipment, we signed agreements with partners, such as SENAI (an industrial technical school) through which we assisted in the maintenance and repair of 1,850 damaged hospital respirators. The initiative, carried out in partnership with other companies, helped doctors and health professionals in at least 450 municipalities. This was a charitable, integrated initiative that had ample participation and helped save lives.

“We hired an infectious disease specialist and carried out activities that included sanitizing work areas, wrapping utensils and dishes, displaying signs on tables, making hand sanitizer available, limiting one passenger per seat in company vehicles and offering the flu vaccine for everyone, free of charge,” said Monyque Gerbelli, Occupational Physician.



At VCBR, we donated more than 10 million personal protective equipment (PPE) items, including N95 masks, disposable masks, gloves, aprons and hand sanitizer; also, more than 2,800 families benefited from food vouchers. In addition, we supported the work of local seamstress networks and cooperatives for the production of masks, also ensuring income during the period of social isolation.

We know with clarity that one of our main objectives is to develop the communities where we are present, and we know that this will only be possible with everyone's participation. For this reason, in this moment of crisis, we combined efforts and hired small clothing companies, sewing cooperatives and independent seamstresses—most of them heads of families—to produce 19,000 of the 30,000 protective masks we purchased. "This initiative helps not only to generate income, but also to empower these women who, through their sewing talent, are helping to save lives," said Priscilla Ribeiro, manager of Social Transformation.

At least 100,000 masks were acquired through a process that used local providers and cooperatives, bringing value for families in situations of social vulnerability. In total, 81 seamstresses participated in this initiative, an effort that ensured protection masks for 5,000 employees and family members, in addition to 4,000 residents of communities where we operate.

We strictly controlled our donations to address one major challenge: ensuring that they would arrive quickly to those who needed them most. In Brazil, our initiatives

were based on the social vulnerability indices of the municipalities and monitored by our Compliance area.

All this effort added up to a donation of R\$ 17.9 million to support urgent initiatives to control COVID-19, and strengthened our local partnerships through an increase in the number of Community Councils. A total of 43 Brazilian municipalities benefited from our initiatives to combat the COVID-19 pandemic. A total of 225 pieces



Staff of a hospital in Canada that received a donation of masks from VCNA



In all, we donated R\$ 150 million in partnership with Votorantim S.A. (our investment holding company), its portfolio companies, the shareholder family and the Votorantim Institute, to help fight the pandemic



Craftswoman working on social project supported by VC in Brazil

of medical equipment (including 42 ventilators)—essential to treat and save the lives of patients—were donated in 24 cities.

In all, we donated R\$ 150 million in partnership with Votorantim S.A. (our investment holding company), its portfolio companies, the shareholder family and the Votorantim Institute. To ensure transparency, all activities are detailed on the website www.votorantim.com.br/todoscontraocoronavirus.

In addition to health equipment, we also implemented activities to ensure the supply of basic products to families in greater social vulnerability. We delivered food and cleaning products vouchers, helping to sustain local businesses and preserve jobs.

Initiatives like these were conducted in other countries where we operate. In May, VCNA donated 5,000 masks to the communities that surround its operations, including to the Department of Health of St. Marys, Canada, and to Henry Ford Hospital in Detroit, United States.

Another important social initiative was in Morocco, where VCEAA presented a donation of €3 million to the National Solidarity Fund created by King Mohamed VI to address the health, social and economic repercussions of the pandemic. Employees joined the effort by donating part of their salaries to the cause and the company also donated 1,000 food boxes to the socially vulnerable families in Temara, where the Asment Temara unit is located.

In Tunisia, we were the first company in Zaghouan to participate in a solidarity campaign by donating 55,000 dinars toward the purchase of a respirator for the Zaghouan Regional Hospital. The company also donated 50,000 dinars to the government of Zaghouan to support families in need during these difficult times. Employees joined this initiative by contributing part of their monthly salaries.

The VCEAA Corporate team donated €28,830 to organizations including the Fund for the Madrid public health system, CSIC, the Puerta de Hierro hospital and Banco de Alimentos. The company also donated, 5,000 masks to the Puerta de Hierro Hospital in Madrid.



Recycling project that was supported by Votorantim Cimentos

RESPONSIBLE PARTICIPATION

In many of the communities in the countries where we operate, we directly support socioeconomic development by creating job opportunities, increasing income and expanding educational opportunities. By implementing initiatives that ensure effective transformation, everyone wins: quality of life in the communities improves, people live safer lives and the company's business strategies are leveraged, in a virtuous cycle of social development.

The central axis of our work is maximum respect for human rights. Therefore, we adopt a series of practices aimed at promoting diversity, ensuring income and housing, fighting racism and discrimination, promoting education and professional qualification, promoting culture and sports, and protecting the rights of children and adolescents. We are signatories to the directives established by the Global Compact, an initiative of the United Nations (UN) to promote social rights, based on the assumption that private companies are key players in civil society in the fight to reduce inequalities and preserve the environment.

We seek to implement our social strategies in partnership with local agents. We also remain attentive to initiatives that promote a circular economy and the generation of shared value in our production chain. In 2020, for example, through Verdera we promoted circularity projects that employed local communities through recycling cooperatives, while also providing proper disposal of waste, which was co-processed in our cement kilns.

REMOTE VOLUNTEER

The strict safety protocols that we implemented globally to contain the spread of the coronavirus impacted our volunteer activities, since social distance became an important guideline to preserve the health of our employees and of our communities. On the other hand, the crisis created by the pandemic made social initiatives even more urgent. "We live in a time when, more than ever, we need to put citizenship values into practice, with great courage and, above all, with collaboration," said Priscilla Ribeiro, manager of Social Transformation.

The solution was to innovate and adapt all volunteer initiatives to a remote model that would also ensure excellence. We adapted Votorantim Institute's online volunteer platform to guide and motivate remote activities. We put together several activities that could be implemented remotely, to inspire and assist in the organization of volunteers. They included video calls to elderly people in isolation, online tutoring classes for students and technical assistance to small business owners and traders. In Brazil, we managed to engage 332 volunteer employees and 333 external volunteers in our initiatives to mitigate the effects of the coronavirus pandemic.

The traditional Volunteer Challenge, which recognizes people who participate in volunteer activities, was also adapted to a digital format, resulting in more autonomy for participants, engagement and innovation.



Home Renovations

In 2020, we participated in INOVA 2030 – Young SDG Innovators, an event promoted by the Global Compact Brazil Network, linked to the United Nations, to engage young people in the achievement of the Sustainable Development Goals. The initiative we presented was a home renovation project in communities in São Paulo with high social vulnerability, carried out through partnerships with small local retailers. The final presentation took place in June at the annual United Nations Global Compact Summit, which usually takes place at the UN headquarters in New York, but in 2020 was 100% virtual.

Habitat for Humanity

We reinforced our commitment to the housing agenda and increased the number of families assisted through renovations of unhealthy homes. We impacted near 320 people through 83 interventions carried out in Recife, Aracaju, São Paulo and Curitiba, which considered challenges related to COVID-19, prioritizing issues related to the health of the residents.

Volta por Cima Fund

Together with eleven other companies and the Getúlio Vargas Foundation, we participated in this emergency fund created to provide zero interest loans to small entrepreneurs on the outskirts of Brazilian cities during the coronavirus economic crisis. The fund was managed by Articuladora de Negócios de Impacto da Periferia (Anip) and Pérola Bank, which selected 55 small companies to receive a loan of up to R\$ 15,000, to be paid in 12 interest-free installments. The goal was to help companies secure jobs and income in times of economic downturn.

Housing Lab

For the second consecutive year, we supported the Housing Lab, an initiative involving major players in the construction sector to leverage housing impact businesses that offer adequate and affordable solutions for low-income people. In 2020, the initiative supported 18 businesses—four of them received R\$ 30,000 in seed capital to leverage their power of transformation. We also promoted this cause by launching the manifesto “Housing: The Spark for Social Transformation”

and hosted a virtual event (“Social Interest Housing and Impact Entrepreneurship”), bringing together various stakeholders to debate this agenda in light of the pandemic, which highlighted the inequalities experienced in Brazil and the importance of housing.

AGP Saúde

As part of the initiatives to address the coronavirus crisis, 17 municipalities from different regions of Brazil participated in the Support to Public Management program, carried out by the Votorantim Institute, which offered technical support to their municipal health offices for the development of pandemic contingency plans. In Cajamar (SP), the program facilitated the identification and allocation of resources from the federal government for the creation of two COVID service centers in the town. Cajamar was chosen by PAHO/WHO as an example of good practices in Primary Health Care (PHC) during the pandemic. The program addressed quick decision making, constant communication, epidemiological monitoring, insufficient health systems and fiscal impact.



Supply Chain

GRI 102-9, 409: 103-2, 103-3

Our supply chain is made up of several categories. In the area of service provision, we are served mainly by local suppliers. Most of our contracts for continuous services, materials and inputs are signed with nationwide companies.

Our main supply categories in terms of expenses are:

- **Inputs:** bagging materials, diesel, additives, coke, sand, explosives;
- **Services:** internal handling, mechanical maintenance, sterile removal, IT, consulting, forklifts;
- **Materials:** refractory materials, spare materials, casts, belts, undercarriages and industrial equipment.

SUSTAINABLE SUPPLY CHAIN

In 2020, we launched the Sustainable Supply Chain Program in Brazil, with the goal of ensuring that our purchases are in line with the best socioenvironmental practices in the industry. The program is expected to be implemented in the 2020-2022 timeframe, and includes long-term objectives and expected results that are in line with Our 2030 Commitments ambitions. The initiative seeks to adapt purchasing practices to ensure, on the one hand, that no supplier fails to comply with legislation or meet our compliance standards, and on the other hand, that the generation of financial value naturally expected from the Supply Chain area is complemented by socioenvironmental benefits, such as income generation in the locations where we operate, reduced carbon footprint in the supply chain, and increased diversity among our suppliers.

We seek to ensure that our purchases are in line with the best in socioenvironmental practices



Employees at one of our plants in Brazil



OUR SUPPLY CHAIN PROGRAM IS STRUCTURED AROUND 10 PILLARS:

PILLARS	ACHIEVEMENTS
1. Sustainable Supply Chain policy and strategic plan	We revised our Purchasing Policy to include socioenvironmental criteria
2. Incorporating sustainability into the process (planning, sourcing and contract management)	We created a Risk Committee
3. Incorporating sustainability into the process (registration and re-registration)	We included a sustainability survey on the SIPM (Supplier Information and Performance Management) platform, used to carry out supplier registration.
4. Supplier portfolio management	To start in 2021
5. Sustainable technical requirements	To start in 2021
6. Internal customer assessment of suppliers (IQF)	To start in 2021
7. Pact with strategic suppliers	Kickoff including strategic suppliers
8. Development of local suppliers	We mapped 327 new local companies
9. Supplier recognition program (VC Partner)	We conducted a webinar with service providers
10. Communications of the Sustainable Supply Chain Program	We hosted the VC Partner and Pact with Strategic Suppliers virtual events



VC Partner Program

The Votorantim Cimentos Supplier Recognition Program aims to enhance supplier performance, identify opportunities for improvement and increase collaboration, proximity and reliability. Named VC Partner, the program gives awards to suppliers of continuous services (forklift and maintenance, for example), materials and inputs. Eligible suppliers are assessed using performance indicators that make up the SQI (Supplier Qualification Index). The program also rewards suppliers for innovative and sustainable projects conducted in partnership with us.



Employees in our corporate offices in Brazil



IN THIS CHAPTER

Customer Focus
Economic and Financial Results
2020 Sustainability Agenda
Environmental Management

Cement shipment in one of
our plants in Brazil

PERFORMANCE

PERFORMANCE

With responsiveness and financial discipline, we were able to mitigate the financial and operational risks brought about by the global economic crisis caused by the coronavirus pandemic. Our net revenue totaled R\$ 16.7 billion and our consolidated adjusted EBITDA reached R\$ 3.8 billion, an increase of 29% and 43%, respectively, compared to the previous year, with an EBITDA margin of 23%. As a result of cash generation during the year, our leverage, as measured by the net debt/EBITDA ratio, dropped to 1.96 x, improving in comparison to 2019 (2.93 x).

We had a strong operating result with an 8% increase in consolidated sales volume, driven mainly by the

markets in Brazil and North America, where industry dynamics helped drive the company's positive operating performance. A more challenging environment was encountered in Europe, Asia and Africa, where the coronavirus pandemic had more of an impact on our operations, with different levels of intensity in each country. In Uruguay, we had solid operating results, which offset the challenging situation in Bolivia.

We reiterated our commitment to exercise financial discipline and manage our capital structure, liquidity and debt profile conservatively. We continued to view the market with caution, focusing on competitiveness and operational excellence in all regions, and seeking to generate shareholder value, despite the challenges.

In October, the International Monetary Fund (IMF) revised its economic projections for all countries. Although the economic opening after the initial restrictions of the COVID-19 pandemic is turning out to be more positive than anticipated in the third quarter of 2020, the ongoing recovery is projected to be gradual considering the scenario of uncertainty.

Global GDP declined by 3.4% in 2020, a less severe drop than previously estimated. However, in some countries, there is still uncertainty surrounding the recovery path for the coming years caused by a second wave of COVID-19, along with the possibility of additional tax benefits and monetary stimulus.

In 2020, cement sales in Brazil grew 10.9% compared to the previous year, totaling 60.8 million tons, according to the National Cement Association (SNIC). At the beginning of 2020, the SNIC had projected a 3% increase in sales. However, in April, at the beginning of the pandemic, the association changed its projections to a 7% - 9% retraction in the sector. With the gradual economic recovery that started in May, driven in part by the economic stimulus, these figures were once again revised to reflect growth. In June alone, the sector grew 27% compared to the previous year. The forecast for 2021 remains optimistic: despite the uncertainties caused by the pandemic and the end of emergency aid granted by the federal government in Brazil, the SNIC projects an increase in sales of approximately 1%.



Employee at one of our units in Brazil

Customer Focus

GRI 102-43

We know that our strength is in people—not only our employees but also our suppliers, partners and customers. That is why we are attentive to what our customers are focused on, particularly because we want to look at our business from the perspective of those who buy and use our products and services.

We prioritize doing what the customers expect, the way they need it, striving to differentiate the quality of our business. We aim to have direct contact with our customers—we have the penetration necessary to maintain our position as the company in the industry with the most points of sale in Brazil.

It was precisely our market presence and priority in meeting customer needs that enabled us to respond quickly to increased demand during the pandemic.

In Brazil, at the beginning of the lockdown period imposed in several states starting in March, at least 50% of construction materials stores were partially or completely closed, to comply with social isolation measures. Recognizing our customers' need to maintain their financial health, we launched VC *Ajuda*, a digital platform that links building materials businesses with consumers and supports them in the development of a digital strategy, since this sector was not used to making remote sales.

Another concern was to ensure credit for our customers, so that businesses could continue to operate and be strengthened. In 2020, we had a record number of payment default.

At the Jbel Oust unit in Tunisia, the fidelity program Mercim held weekly gift raffles in the month of May among customers with a high volume and frequency of trucking activity. This marketing initiative awarded a total of 200 drivers.

Also in Tunisia, we innovated by launching the country's first Mobile Concrete Laboratory, with the goal of assisting our bulk customers by providing technical support for product quality analysis.

In alignment with our customer focus principles, we created a new dispatch organization at the Hasanoglan unit in Turkey to consolidate all cement orders in one place. This enables us to manage orders, plan traffic and track deliveries accurately and safely, ensuring compliance with deadlines and the quality of services.



Image from the VC *Ajuda* website

In our units in Spain, we launched a new cloud contact center tool that enables us to manage incoming and outgoing calls in a way that provides greater mobility to our customer service agents and further aligns our services with our customers' expectations. The system also incorporates new channels for communication between the company and our customers, such as WhatsApp and SMS, in addition to phone, e-mail and the Votoclick app. We also launched two new mortar products to complement our Thermal Insulation Systems (SATE): Pulmor Primercil and Pulmor Revescrlil.

At VCNA, 24-hour self-service loading stations were expanded, better accommodating off hours for customers, and providing a higher level of safety, with minimal contact and potential exposure. VCNA's concrete is being used in the construction of a new rapid transit rail line that will cross the Greater Toronto Area, in Canada. With a total investment of US\$ 5.6 billion, this project brings together several concrete companies; CBM is one of the three main suppliers and the primary concrete provider for at least four metro stations.

By the completion of the LRT line, CBM will have supplied close to 200,000m³ of concrete to the project, incorporating highly technical mixtures for the construction of stations, overhead tunnels and track slabs. In 2020 alone, CBM supplied 63,444 m³ of concrete to the project and expects to supply another 50,000 m³ in 2021.

SATISFACTION SURVEY

We receive positive recognition from our customers mainly due to our efforts to monitor the performance of our sales representatives, reduce bureaucracy in large purchases, meet deadlines and implement improvements in logistics and in our sales channels. These efforts reflect our concern for our customers and ensure our ability to adapt quickly to the market.

In Brazil, we measure our customers' satisfaction with the products and services we offer through the NPS (Net Promoter Score) survey. This indicator enables us to outline strategies for each region and for each product in our portfolio, including cements, mortars and concrete.

After a small drop in the indicator in 2018 and a ten-point growth in 2019, we closed 2020 with an NPS of 61 points. The variation in the NPS indicator was due, among other factors, to the coronavirus pandemic and the consequent change in consumption patterns in Brazil. Faced with these challenges, the industry needed to adapt quickly by making changes that affected both our commercial team's service model and our manufacturing and logistics operations.

In addition, in 2020 we faced a great shortage of civil construction products due to a historic increase in market demand. Inevitably, these and other factors ended up impacting customers' general perception of the entire segment, reflected in a 12-point drop in

VCNA's concrete is part of a new rapid transit line that will cross the metropolitan region of Toronto, Canada

our main satisfaction and loyalty indicator, mainly due to product unavailability in the second half of the year. However, it is worth mentioning that we managed to maintain brand and product perception as our main strength in all segments.

In 2021, the NPS methodology will be deployed in the other regions, standardizing customer surveys in all countries where we operate. At VCEAA, for example, where until now customer satisfaction was evaluated using the Customer Satisfaction Score (CSAT), the new methodology will be applied starting in January 2021.



Customer Relationships

Our relationships with our customers are facilitated by tools and platforms created to provide quality support and services. They include a website, apps (Virtual Store, Engemix app), social media, loyalty program (*Juntos Somos +*), customer service (chat and phone), CRC (phone), Integrated Report, satisfaction surveys and email marketing. [GRI 102-43](#)



Juntos Somos +

Juntos Somos +, the civil construction relationship network that we created in 2018 together with Gerdaul and Tigre, continued to operate even in the midst of the pandemic. In 2020, the platform had the participation of 20 companies and brought together more than 80,000 stores and 500,000 individuals, who received professional and technical training.

In 2020, we also completed our first acquisition: the Triider platform is now part of the startup. This is a service marketplace that connects customers with qualified professionals in the civil construction market. The platform gives store owners access to products and services that can help them increase their sales and improve store management, while also providing training and professionalization tools to construction workers.

A building materials store in Brazil that participates in *Juntos Somos Mais*

Economic and Financial Results



Our financial discipline played a key role in getting us through the challenges of the crisis

Given our ambition of being an investment grade company in terms of ESG (Environmental, Social and Governance) criteria, climate change was a relevant issue in 2020, demanding even more attention from the Board of Directors and other governance bodies. One step in this direction was the launch of our report “Our 2030 Commitments – Building a Sustainable Future”.

Another initiative was the approval by the Board of a more assertive capital allocation strategy. These efforts helped us to create value even during the COVID-19 crisis. We managed capital efficiently and, through medium-term refinancing, were also able to reduce our leverage during the year. Financial discipline confirmed the strength of our management model, helping us navigate the turbulent waters of 2020. As a result, our credit metrics improved and our ratings were unaffected.

Ratings that had generally been downgraded in the global market at the beginning of the pandemic were recovered and we ended 2020 closer to investment grade. Net revenue increased by 29% compared to 2019, reaching R\$ 16.7 billion million at the end of the year (compared to R\$ 13.03 billion in 2019). Adjusted EBTIDA grew 43%, from R\$ 2.67 billion in 2019 to R\$ 3.8 billion in 2020.

Due to the health crisis, our outlook was revised, but without a rating downgrade. We kept the investment grade in line with the S&P and Fitch agencies. In October, we reversed the outlook to a stable level according to the S&P and Moody’s agencies.

	MOODY’S	FITCH	2020
Rating	Ba1	BBB-	BBB-
Outlook	Stable	Negative	Stable
Date	October 2020	June 2020	October 2020

BRAZIL

Despite the coronavirus pandemic and the global economic crisis, 2020 results in Brazil were positive, with a consistent 23 % increase in net revenue (from R\$ 6.4 billion in 2019 to R\$ 7.9 billion in 2020). The recovery was rapid and positive, despite Brazil's Gross Domestic Product (GDP) growing below expectations.

Our EBITDA followed the same trend and increased by 47% (or R\$ 1.5 billion) compared to 2019. Last year, VCBR was one of the few companies in the industry with a two-digit EBITDA margin. Despite pandemic-related volatilities that may persist in 2021, the prospects for this year include a more robust national GDP, restart of projects that had been interrupted and capital allocation in projects aligned with sustainability.

"Our financials had a solid improvement, especially during the second half of 2020, due to better market dynamics fueled by an all-time low interest rate in the country. In addition, a growth in the self-construction segment and financial aid granted by the government to support the population during the pandemic, combined with our unique positioning in the country and operational leverage, contributed to our solid results," said Osvaldo Ayres, Chief Financial and Investor Relations Officer.

NORTH AMERICA

In North America, 2020 was marked by periods of economic uncertainty, a deepening pandemic-related health crisis, the U.S. presidential elections and ongoing trade tensions with China. Despite the challenging environment, VCNA had strong results, with net revenue of R\$ 5.4 billion, a 43% increase compared to 2019 (R\$ 3.8 billion).

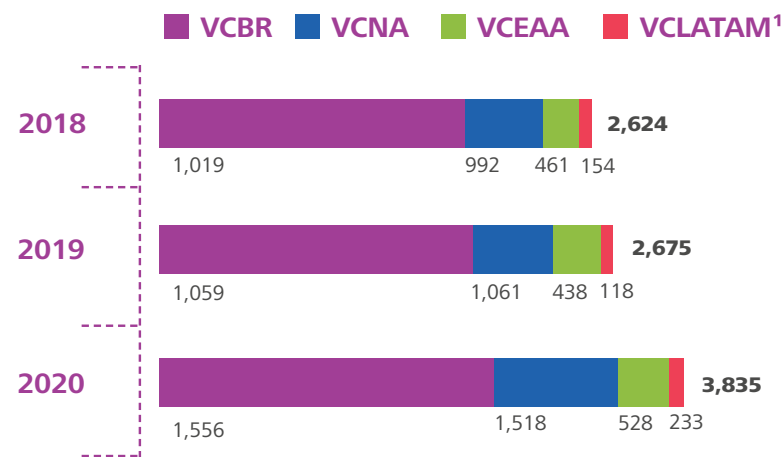
VCNA's EBITDA was R\$ 1.5 billion, compared to R\$ 1.06 billion in 2019—a total increase of 43%. The continuity of our operations even during lockdown periods ensured consistent levels of profitability. VCNA results were also positively impacted by the exchange rate.

"While the industry as a whole showed a decline in March and April, construction was considered to be an essential service. This contributed to VCNA being able to recover from the short downturn, regain our momentum and end the year with stronger than anticipated results, which included all-time record sales, record EBITDA and record production at our newly modernized Charlevoix, Michigan cement plant", said John McCarthy, CFO of VCNA.

In 2021, the ongoing effects from the pandemic and the transition to the new administration may further contribute to the economic uncertainty. However, VCNA will continue to exercise strict cost controls and efficiency to create opportunities and value for the company.

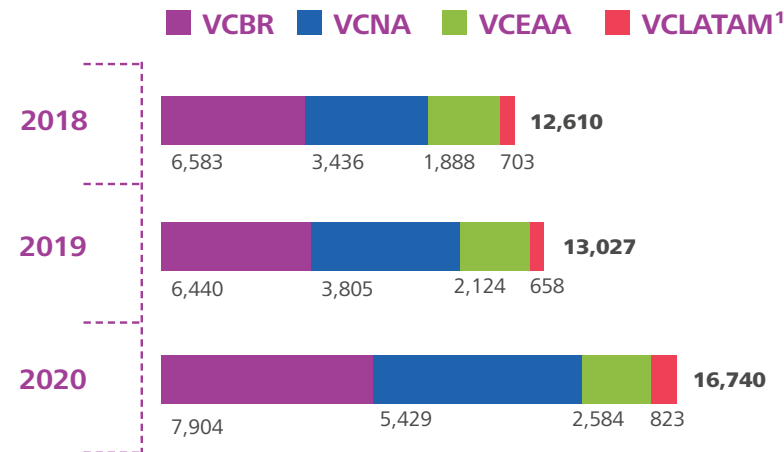
EBITDA (MILLION R\$)

¹ Considers VCI and eliminations



NET REVENUE (MILLION R\$)

¹ Considers VCI and eliminations





EUROPA, ASIA AND AFRICA

Despite the effects of the health and economic crisis in Europe, Africa and Asia—added to political instability in Tunisia and Turkey and the devaluation of local currencies, which affected sales volume—we maintained a healthy level of profitability.

Our focus on maintaining our operational excellence and managing costs was decisive for achieving good results. In 2020, net revenue at VCEAA totaled R\$ 2.6 billion, compared to R\$ 2.1 billion in 2019. Adjusted EBITDA was R\$ 528 million, compared to R\$ 438 million last year, a 21% variation.

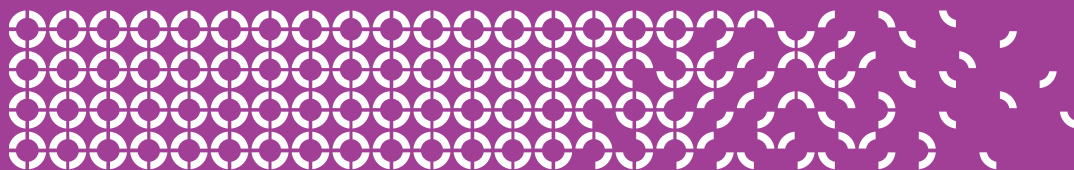
“The highlights of VCEAA’s main investments in 2020 include all of the go-to-market products and the initiatives to increase the operational efficiency of the plants, linked in general to the modernization of processes. We also have several digital transformation projects, with several activities in the finance area,” said Antonio Pelicano, CFO of VCEAA.

LATIN AMERICA

The region’s 2020 performance was marked by strong market contractions in Argentina and Bolivia due to COVID-19 and the measures to mitigate it. Uruguay was the least hit by the pandemic and cement demand was supported by major investments in the country. As a result, net revenue totaled R\$ 823 million, compared to R\$ 658 million in 2019, a 25% variation. However, strong cost control measures contributed to an EBITDA of R\$ 233 million, compared to R\$ 118 million in 2019.

Important steps in the region included the decision to invest US\$ 40 million in the optimization of our industrial assets in Uruguay, to significantly reduce power consumption; the development of a photovoltaic project to produce enough solar energy to supply 40% of the power used in the San Luis plant, in Argentina; and continuous efforts to increase the usage of alternative fuels in the VC LATAM region. Two examples include the permission we received to co-process in our plant in Bolivia and achieving a substitution rate of 37% in our Minas plant, in Uruguay.

“We are determined to continue to develop and deliver on our 2030 Sustainability roadmap in the region, despite political and economic challenges,” said Günther Smetana, CEO of the VC LATAM Region.



EXPANSION IN NORTH AMERICA

GRI 102-10

In December, St Marys Cement Inc. (Canada), a wholly owned subsidiary of Votorantim Cimentos, and McInnis Cement Inc. announced that they will combine their assets to create a new entity to manufacture, distribute and sell cement and related building materials in Canada and the United States. Votorantim Cimentos International (VCI) and the

Caisse de depot et placement du Quebec (CDPQ), a Quebec based institutional investor, will be the owners of the combined businesses.

Votorantim Cimentos International will hold 83% and CDPQ will hold 17% of the shares in the new entity, which will be based in Toronto, Canada. The conclusion of the transaction is subject to customary closing conditions, including approval by regulatory authorities in Brazil, Canada and the United States.

“This transaction is in line with Votorantim Cimentos’ portfolio management strategy, which prioritizes investments in the markets where we already operate and enables geographic expansion in locations with attractive growth prospects. McInnis Cement’s state-of-the-art plant and distribution network enables our cost-effective positioning in an attractive region, with access to new markets and many opportunities,” said Marcelo Castelli, Global CEO of Votorantim Cimentos.

Another highlight in 2020 was the restart of construction to expand and modernize a plant in Pecém, Ceará, Brazil, which will increase the plant’s cement grinding capacity from the current 200,000 tons/year to 800,000 tons/year. The coronavirus pandemic had forced us to interrupt the construction to adapt our processes to strict health protocols, in accordance with our principle of maximum respect for the safety of everyone involved in our projects. As a result, the project is in progress and the conclusion of the construction is expected for the first half of 2021.



McInnis Cement Inc. unit in
North America

EXPANSION IN URUGUAY

In December 2020, Cementos Artigas, our business in partnership with Cementos Molins, started the consolidation of its industrial facilities in Uruguay. With investments totaling US\$ 40 million (R\$ 210 million), the project includes the relocation of the current cement grinding and shipping operations from the Montevideo plant to the Minas plant, 100 kilometers from the capital, resulting in a unified, more efficient and sustainable production line. In addition, a new state-of-the-art vertical cement mill and new cement silos with 4,000-ton capacity will be installed at the Minas unit. Construction will start in the first half of 2021 and the startup is expected in 2022.

This project will yield important benefits in competitiveness as a result of a reduction of approximately 40% in electricity consumption and lower production costs. The initiative is a milestone in terms of sustainability, thanks to the greater efficiency of the new facilities and the deactivation of activities in the urban center of Montevideo. “Through this new investment we continue to advance our strategy, in which sustainability and respect for the environment and safety are priorities. In addition, this is also a clear example of our long-term commitment to the Uruguayan market,” said Marcelo Castelli, our Global CEO.

2020 Sustainability Agenda

One of our highlights in 2019 was our first Sustainability Linked Loan (SLL), a revolving credit line with provisions linked to sustainability indicators—a pioneering transaction in Brazil. This Sustainable CCF (Committed Credit Facility) supports the company with short-term liquidity in the amount of US\$ 290 million, maturing in 2024. The interest rate on this line varies according to the company’s performance against key indicators based on sustainability targets. In 2020 our interest rate was lower than 2019 due to the company’s performance in the key indicators.







As a result of these activities, in 2020 we ended a target cycle started in 2015 with significant advances in our sustainability agenda, which enabled us to take the next step, establishing new commitments toward 2030. The account of this cycle that is ending now is presented here.




We ended the cycle started five years ago with significant results in sustainability, paving the way for our 2030 ambitions

GRI 103-2

2020 TARGETS	ACHIEVEMENTS	STATUS
Health and safety:		
<ul style="list-style-type: none"> • Ensure the effective adoption of the Global Health and Safety Policy and the Life-Saving Rules 	<p>Strengthening of Regional Safety Commissions to monitor safety initiatives and progress.</p> <p>Emphasis on the adoption of Critical Risk Protocols and the Life-Saving Rules.</p>	✓
Health and safety:		
<ul style="list-style-type: none"> • Promote healthy and safe working conditions for all employees 	<p>On-going investments to adapt the workplace and equipment in Brazil. Implementation of initiatives focused on strengthening our safety culture, which have already produced positive results. We continue to look for opportunities for continuous improvement, given that safety is a fundamental value for us.</p>	✓
Health and safety:		
<ul style="list-style-type: none"> • Achieve lost-time injury rate lower than 0.4 among direct employees 	<p>Global frequency rate: 1.11 for direct employees and 1.17 for third-party workers (total frequency rate of 1.14).</p> <p>Implementation of programs to reduce accidents and encourage safe behavior, such as SafeStart. We have significantly reduced the number of accidents in recent years, from 1.4 in 2017 to 1.11 in 2020. However, this rate is still below our goal, which is why we are revalidating our target and continue to work to maintain a safe environment for people, with zero accidents.</p>	✗
Supply chain standards:		
<ul style="list-style-type: none"> • Promote sustainable supply chain standards through our business units 	<p>100% of suppliers in Brazil registered and approved through negotiations conducted by the Procurement team.</p>	✓



2020 TARGETS	ACHIEVEMENTS	STATUS
<p>Ethical business practices:</p> <ul style="list-style-type: none"> • Ensure that all our operations are run in an ethical manner and in compliance with the Votorantim Code of Conduct 	<p>Organization of the Crisis Management process and launch of a Crisis Manual in Brazil.</p> <p>Launch of Internal Audit Policy and Global Government Relations Policy.</p> <p>Reassessment of our strategy of continuing education for employees and compliance communications within the organization.</p> <p>Global promotion of Compliance Day.</p> <p>Implementation of third-party integrity assessment and critical transaction assessment processes.</p> <p>Code of Conduct promoted globally.</p> <p>Critical Compliance Policies were updated at VCBR and implemented at VCNA and VCEAA, in particular the points related to anti-corruption and antitrust practices, rules for accepting gifts and entertainment, conflicts of interest and rules for donations and sponsorships.</p> <p>Development of a Global Government Relations Manual.</p>	
<p>Environmental policy:</p> <ul style="list-style-type: none"> • Ensure the implementation of our Global Environmental Policy and Green Rules 	<p>Global Environmental Policy implemented in all regions. Training for all employees to review guidelines for environmental practices that must be observed on a daily basis.</p>	
<p>Sustainable products and services:</p> <ul style="list-style-type: none"> • Promote the launch of new sustainable products, solutions, services and innovations • Achieve a clinker/cement factor of 72% 	<p>Development of calcined clay, use of acidic slags, development of low carbon concrete, creation of Verdera and Viter, and growth of the industrialized mortar business.</p> <p>Clinker/cement factor of 74% at the end of 2020. Despite the adoption of initiatives to reduce the clinker factor in all regions, with significant progress, the goal was not achieved. The target has been reviewed to 68% by 2030.</p>	
<p>Renewable fuels:</p> <ul style="list-style-type: none"> • Reach a 30% level of non-fossil fuels use in our cement plants 	<p>Rate of use of alternative fuels in clinker kilns was 23.8%, with significant growth in all plants. Salto went from 10.6% in 2015 to 23.8%, but was still below the target of 30%. The biggest challenge was the reduction in the pace of production due to the pandemic and the consequent decrease in economic activities. The target has been reviewed to 53% by 2030, globally.</p>	
<p>CO2 emissions:</p> <ul style="list-style-type: none"> • Reduce our CO2 emissions per tonne of cement by 25% compared to 1990 levels 	<p>CO2 emissions registered a 25% reduction in relation to the base year (1990), due to increased thermal substitution and the lower clinker factor. CO2 emission went from 763 kg to 576 kg per tonne of cementitious.</p>	
<p>Emissions:</p> <ul style="list-style-type: none"> • Reduce emissions of particulate matter, NOx, and SOx, to 65g, 1,950g, and 750g per tonne of clinker, respectively 	<p>Emissions of particulate matter, NOx and SOx were 46, 1,600, and 749 g/t of clinker, respectively.</p> <p>Investments in retrofit of filters and new bag filters, abatement systems and use of gas scrubbers to reduce our PM, NOx and SOx emissions, respectively.</p>	

2020 TARGETS	ACHIEVEMENTS	STATUS
Water:		
<ul style="list-style-type: none"> • Implement a water management plan in our business units located in areas of scarcity 	<p>Implementation of 90% of the six water measures in all units that had been identified in 2015 as being located in areas of water scarcity. The remaining 10% relate to partial implementation of innovations and identifications and partial protection of priority areas that were planned for 2020 but had to be postponed considering the implementation challenges in the midst of a pandemic.</p>	
Biodiversity:		
<ul style="list-style-type: none"> • Ensure that all our quarries have rehabilitation and biodiversity management plans for local and sensitive biodiversity regions 	<p>100% of the mines have a closure plan.</p> <p>100% of the mines that had been identified in 2015 as being located in areas sensitive to biodiversity have a biodiversity management plan. This aims to prioritize activities in sensitive areas.</p>	
Communities:		
<ul style="list-style-type: none"> • Ensure the implementation of community engagement plans in the locations where we operate that have a high degree of social vulnerability 	<p>Implementation and execution of community relationship plans in 100% of communities with a high degree of social vulnerability in Brazil, according to the Social Vulnerability Index, from IPEA.*</p> <p>* For international units, the percentage considered was of operations with local community engagement activities.</p> <p>Creation of the VCBR Volunteer Policy.</p> <p>Global assessment of social performance: 101 operational units surveyed in eight countries, with responses from 94 leaders.</p> <p>Percentage of operations with local community engagement activities (regardless of their degree of vulnerability), by region: VCBR: 36%; VCNA: 28.4%; VCEAA: 34%; and VCLATAM: 60%.</p>	

Environmental Management

GRI 307: 103-2, 103-3

Care for the environment is a long-standing priority for our operations in each of the countries where we operate. Our business incorporates a broad commitment to practical and wide-ranging environmental guidelines to reduce negative environmental impacts and enhance positive ones.

In addition to striving to work in accordance with sustainable practices, we encourage innovative solutions in the industry. We have an internal environmental management system based on the ISO 14,001 standard. Increasingly robust, this process has ensured compliance with environmental legislation in our operations, as we work to provide a quality product, while identifying and advancing best practices in our industry.

We work under the premise that our entire production chain prioritizes clean technologies. Therefore, we invest in research and innovations to create and improve technologies that can increase eco-efficiency in our processes.

We are committed to respecting and finding ways to protect biodiversity and water resources and to assisting in the management of protected areas and in the implementation of plans to recover deforested places. In 2020, we invested in an initiative to map and identify biodiversity in areas surrounding our company to guide conservation activities.

As part of this effort, we listed mining units in priority areas for biodiversity conservation, following

the Integrated Biodiversity Assessment Tool (IBAT) methodology, and identified seven priority locations for the development of Biodiversity Management Plans, which includes activities such as the creation of biodiversity inventories, identification of weaknesses, promotion of awareness campaigns and identification of environmental assets.

In addition to caring for the preservation of biodiversity, we have established a series of measures to monitor sustainable water management practices to ensure that we do not negatively impact any water course near our sites. Using two modern and accurate

software tools, we identified 34 VCBR units and seven VCEAA units in areas of water scarcity. For each of them we prepared a Water Management Plan, with clear and objective actions to ensure the preservation of this natural resource.

To strengthen the preservation of natural resources, in 2020 we continued to be one of the sponsors of *Legado das Águas*, the largest private reserve of Atlantic Forest in Brazil, which covers 31,000 hectares in four municipalities in the state of São Paulo. The organization implements environmental protection activities and conducts research to help generate income for local communities in areas related to the production of native plants and ecotourism: legadodasaguas.com



Legado das Águas Reserve in Brazil

ATLANTIC FOREST AND CAVES

In 2020, we celebrated 10 years of partnership with the organization Friends of the Atlantic Forest Biosphere Reserve (RBMA) and the Brazilian Speleology Society (SBE), which assist us in making decisions that ensure environmental preservation.

During the year, we concluded four important Sustainable Land Management Plans (SLMP), in the Ribeirão Grande (SP), Laranjeiras (SE) and Sobradinho (DF) units and in our Oural plant, in the region of Galicia, Spain where a cave of significant historical value (including fossils, cave paintings and Neanderthal remains) is located. These plans include proposals to integrate the communities surrounding our operations with the natural and human heritage of the regions, which will enhance income-generating activities, such as tourism.

Another highlight was the consolidation of the VCMaps platform for the identification of caves in our properties, which helps us monitor mining areas and provides better control of the company's activities. This platform ensures that decisions made by the company's mining areas consider caves as natural elements of great environmental relevance. The tool enables us to monitor, through updated images, maps of legal reserves of native vegetation and cave areas, and to access soil reports and studies. The objective is to organize all information to keep the data up to date and easily accessible, ensuring even more efficient processes in the management of natural resources.

NET-ZERO EMISSIONS

One of our biggest challenges this year is to reduce our CO2 emissions to levels established by the Paris Agreement, despite the scenario of increased demand for infrastructure construction projected for the coming years. As one example, the UN estimates that at least 55% of the world population currently lives in urban areas and this percentage is expected to reach 70% by 2050, putting strong pressure on the sector.

To advance the fulfillment of this goal, in September 2020 we participated in the worldwide launch of the 2050 Carbon Neutral Concrete Climate Ambition, promoted by the Global Cement and Concrete Association (GCCA), an organization of which we are a part. Together with other international leading companies in cement and concrete production, we committed to carbon-neutral concrete by 2050, a historic milestone for the industry.

By 2030, our goal is to reduce CO2 emissions per ton of cementitious product to 520kg. To fulfill this commitment, we will reinforce a few important strategies: replacement of fossil fuel used in our kilns with wastes and biomass; use of cement additions, such as calcined clay; concrete recycling; at least 45% of electricity from renewable sources; and investments in new technology and innovation.



Aerial view of the Legado das Águas Reserve in Brazil

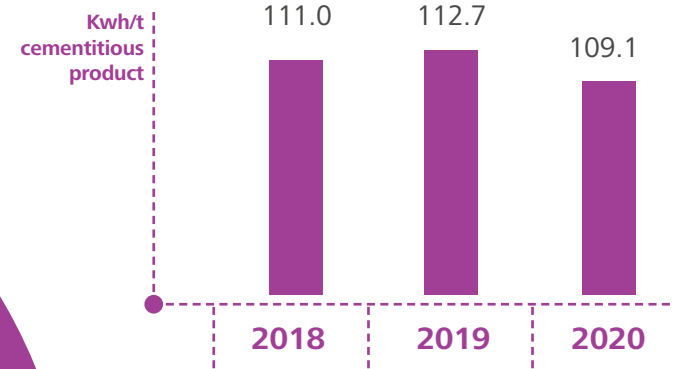
Photovoltaic energy in Spain

A VCEAA clean and renewable energy project will reduce CO2 emissions by 3,500 tons per year. Developed by the Spanish company EDF Solar at the Toral de los Vados unit in Spain, the photovoltaic self-generation system received investments of €4.4 million and is expected to start operating in the second half of 2021. The 6.2 MW solar plant will generate 9 GWh/year, supplying 15% of the total consumed by the cement plant. It will also have an energy substation connected to the country's energy grid to enable the company to sell surplus energy at peak times whenever the plant produces more than the operation needs.

ISO 50,001

In May, after a rigorous external audit, the St Marys plant in Bowmanville, Ontario once again achieved ISO 50,001 certification (Energy Management System). VCNA's Bowmanville plant has had this same certification since 2011 and was the first company ever to earn this distinction in North America. This achievement recognizes the unit's compliance to ISO 50,001 standards, which establishes parameters for the supply, use and consumption of energy to help companies use energy more efficiently.

Energy intensity GRI 302-3



Our plant in Spain that is implementing a solar energy project



IN THIS CHAPTER

Our Sustainability Journey
The Impact of the Sector and the
Climate Emergency
Concrete as Part of a More
Egalitarian and Sustainable Planet
Our Commitments

Aerial view of the
Legado das Águas
Reserve in Brazil

2030 COMMITMENTS

Our Sustainability Journey

As leaders in the building materials industry in Brazil, and one of the most important companies in this sector internationally, we seek to grow, innovate and increase the operational efficiency of our business, using sustainability as one of our strategic drivers.

We have a long history that attests to our constant pursuit of more advanced technologies to reduce emissions, improve energy efficiency, ensure the health, safety and well-being of our employees,

reduce our environmental footprint and promote the social and environmental development of the communities where we operate.

We actively participate in global forums to promote sustainability in the cement industry. We are one of the founding members of the Global Cement and Concrete Association (GCCA), which since 2018 has brought together like-minded companies, industry associations, academia and other organizations in the production chain, to constantly advance the discussions on ESG (Environmental, Social and Governance) issues and to establish concrete as the most sustainable construction material.

Through the GCCA, we are committed to fulfilling the responsibilities included in the five key pillars that cover the spectrum of sustainability for the cement and concrete industry: CO2 and climate protection,

responsible use of fuels and raw materials, health and safety of employees, reducing local impact on land and communities, and managing water resources.

The GCCA was created to continue the work of the Cement Sustainability Initiative (CSI, an initiative under the auspices of the World Business Council for the Sustainable Development – WBCSD), which we also helped to launch, in 1999, demonstrating our long-standing commitment to this issue. We committed to the action agenda and detailed timeline published by the CSI in 2002, when we became one of the first companies in the industry to take on sustainability challenges publicly. In addition to the GCCA, we are part of several other associations and partnerships that aim to promote sustainable development and the conscious use of natural resources.

All our efforts have enabled us to improve our environmental footprint. From 1990 to 2020, we reduced our CO2 emissions per ton of cementitious product by 25%.

From 1990 to 2020, we reduced our CO2 emissions per ton of cementitious product by 25%



Climate change is a focus of our business strategy that guides each step of our future toward a carbon-neutral concrete by 2050

The Impact of the Industry and Climate Emergency

Scientists around the world agree that we are currently experiencing a climate emergency. The temperature of the planet has already increased more than 1°C in relation to the pre-industrial era and, at this pace, can potentially increase more than 4°C if we fail as a society to reinvent ourselves, transform our lifestyle and bring climate action to the center of political and business decisions.

As one of the leaders in the cement industry in the world, we understand our role and are actively pursuing several initiatives to align our emission reduction targets with the ambitions set in the Paris Agreement.

Like every large-scale industrial activity, our production process has impacts on the planet. Cement production, specifically, is an intensive process in terms of CO₂ emissions. Therefore, we are committed to continuing to develop solutions to reduce our emissions at all stages of the construction chain, aiming to deliver a carbon neutral concrete to society by the year 2050. For this to happen, we have developed a roadmap and continue to work in several partnerships, aiming to maintain dynamism and focus when addressing this issue. As an example, we work together with the industry, through the Global Association of Cement and Concrete (GCCA), investing in innovation and developing joint solutions to establish concrete as the material that will enable us to achieve a world that is carbon neutral and resilient to climate changes.

Climate change is at the core of our strategy and guides every step of our future investments and innovation efforts. We use an internal carbon price to assess the attractiveness of projects even in countries without CO₂ regulations. This action helps us to align new investments to the decarbonization path of our business.



An elevated highway and blue sky.

Concrete as Part of a More Egalitarian and Sustainable Planet

As the world continues to urbanize, many countries will face challenges in meeting the needs of their growing urban populations. This includes essential needs, such as clean water and sanitation, provision of basic services, such as education and health, and infrastructure in general, such as housing, transportation and energy systems. A significant increase in established areas is expected, including for the provision of safe housing and urban infrastructure. At the same time, there is a growing need for buildings to be resilient to protect our cities and natural environment from a changing climate.

Concrete has shaped modern society and is vital to promote human development and meet the growing demand for housing and infrastructure across the

planet. It is the second most consumed product in the world—a highly versatile building material, with infinite combinations and applications that allow architects and builders to use it in the most efficient and innovative ways possible.

Known for its excellent durability and resilience, concrete is considered a sustainable building material since it has qualities that make it resistant to fires, weather changes and floods. It provides excellent thermal insulation in buildings and rigidity in road construction, reducing energy use and increasing vehicle efficiency. Concrete also has unique qualities that enable other sectors, such as renewable energy, to develop at the speed necessary for us to achieve, as a society, the target for emissions reduction set by the Paris Agreement.

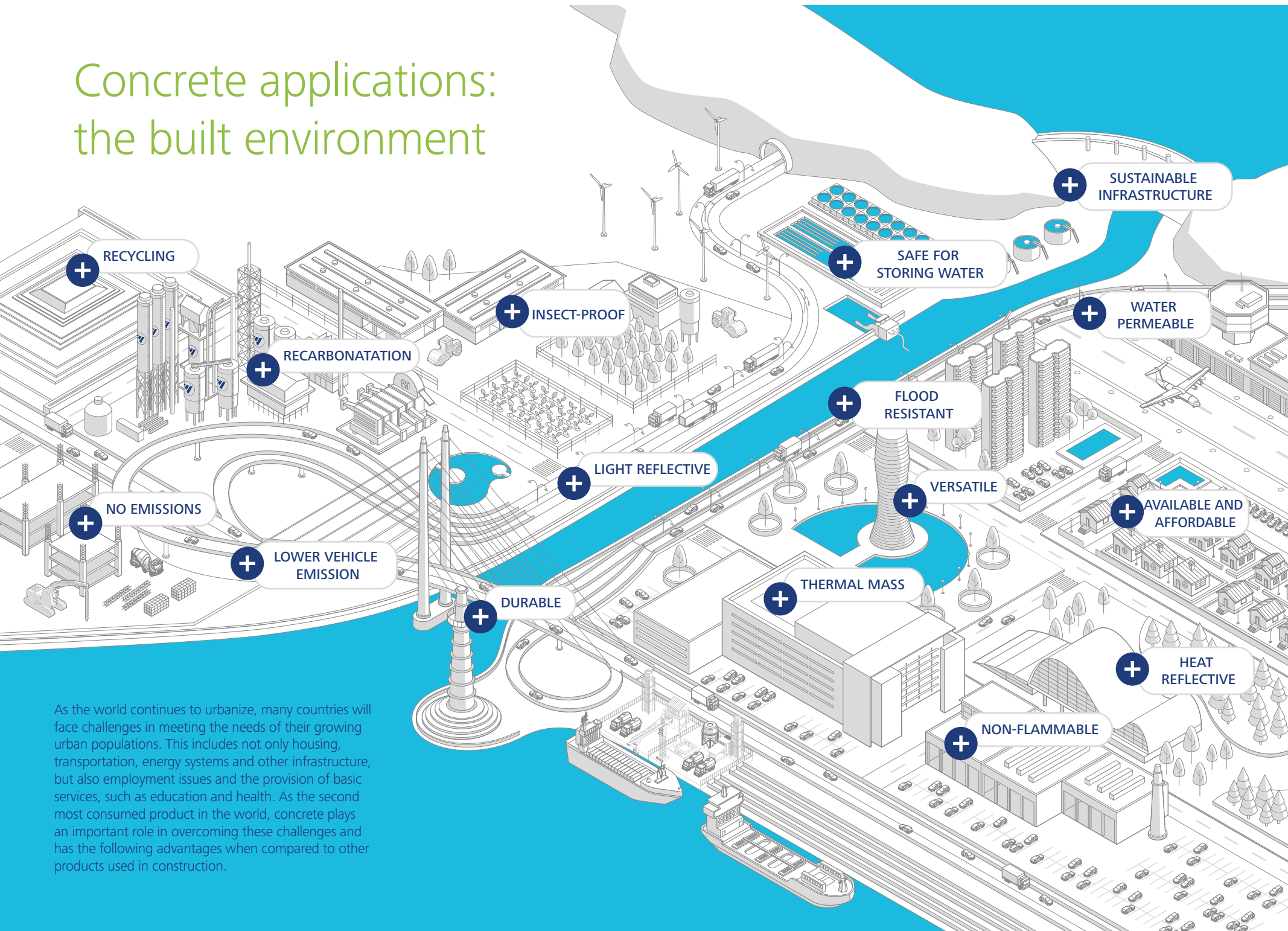


The second most consumed product in the world, concrete is durable and versatile, which enables infinite combinations in civil construction



Child playing inside a concrete tunnel in a park

Concrete applications: the built environment



As the world continues to urbanize, many countries will face challenges in meeting the needs of their growing urban populations. This includes not only housing, transportation, energy systems and other infrastructure, but also employment issues and the provision of basic services, such as education and health. As the second most consumed product in the world, concrete plays an important role in overcoming these challenges and has the following advantages when compared to other products used in construction.

GLOBAL EFFORT TO REDUCE CARBON EMISSIONS

We are aligned with the GCCA commitments, which align with the targets of the Paris Agreement and recognize the technological challenges that lie ahead.

The goals that will lead us to decarbonize the sector are:

- **Reduce energy-related emissions**, maximizing the co-processing of waste from other industries or processes in substitution of fossil fuels;
- **Eliminate indirect energy emissions** through renewable electricity sources where available;
- **Reduce the emissions process through new technologies** and deployment of carbon capture at scale;
- **Reduce the clinker content in cement and concrete**, as well as use concrete more efficiently in the construction of buildings and infrastructure;
- **Reprocess and recycle demolition concrete**, making this chain more circular and enhancing the level of CO₂ uptake of concrete through recarbonation.



Tire co-processing in a plant in Brazil

Our industry is united
in meeting the goals of
the Paris Agreement



Our Commitments

Our vision for the future is built around our concept of “flexible solidity”. It captures the idea that we are a mature company that operates with excellence, safety, ethics and integrity and, at the same time, remains flexible to modernize and adapt to the needs of society to positively impact people’s lives.

We want to build lasting relationships, be the best choice for customers in our industry and help create a more egalitarian and sustainable world, working with others who share this vision. In everything we do, we strive to generate a positive and long-term impact.

Recognizing that sustainability is a journey, we are taking another step toward building an increasingly sustainable company and thereby creating long-term value for our stakeholders. This important step is now encapsulated in the publication of our 2030 commitments.

In addition to being aligned with our way of being, our sustainability journey and the worldwide industry scenario and its future expectations as detailed in this document, our 2030 commitments also encompass our climate ambition for 2050. Their development considered an in-depth assessment of megatrends such as demographic changes; globalization and future markets; climate change challenges; and innovation and technology dynamics and their impact on the building materials industry. These commitments aim to align our entire operation with the current and future needs of society, thereby generating shared value and producing a positive impact on the value chain.

OUR 2030 TARGETS ARE DIVIDED INTO SEVEN PILLARS:

1. Health, safety and well-being
2. Ethics and integrity
3. Innovation
4. Diversity
5. Environmental footprint
6. Circular economy
7. Communities and shared value

Our commitments are aligned with our way of being and construction megatrends



Global Vision

We are a signatory to the United Nations (UN) Global Compact, and our strategy is aligned with the Sustainable Development Goals (SDGs), a global agenda with 17 goals and 169 targets to be achieved by 2030.

The integration of the SDGs into our activities helps to ensure the future success of our business, which is focused on the long term and on building lasting relationships.



Learn About our 2030 Targets

1. We Operate with Integrity and Transparency

We believe that the path to excellence invariably involves ensuring high standards of compliance, ethics and transparency. That is why we make every effort to ensure that these premises are always part of the company's reality and everyday activities. This nonnegotiable commitment is all-encompassing and serves as a foundation for all others assumed by Votorantim Cimentos.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



2. Safety, health and well-being are fundamental values

We respect life in all its forms, promoting a healthy and safe environment for our employees, contractors and stakeholders in all activities.



Employee at one of our units in Brazil

INDICATOR

Description

Target

Lost-time injuries

Lost-time injury frequency rate among direct and contracted employees.

Global lost-time injury rate lower than 0.40.

Fatalities

Number of fatalities among direct and contracted/ subcontracted employees and third parties resulting from work accidents.

Achieve zero fatalities in our operations.

Employee satisfaction and well-being

Improve our employees' perception of how VC is concerned with creating a wellness culture in which everyone can make positive decisions about their health and wellness as a natural choice.

Achieve at least 85% favorability in climate surveys.



3. Innovation: we co-create sustainable solutions

We pave the future of civil construction through a simple, fast and sustainable approach. We propel the cement industry toward clean technologies and processes, increasingly aligned with the preservation of natural resources.

INDICATOR	Description	Target
Financial revenue through sustainable solutions	Percentage of revenue from products and/or services that mitigate our environmental footprint or offer environmental benefits compared to traditional options.	30% of revenue from sustainable solutions.



4. A diverse and inclusive environment

We promote a diverse, inclusive and inspiring environment for our employees and stakeholders.

INDICATOR	Description	Target
Gender diversity in leadership positions	Encourage gender diversity in leadership positions globally.	At least 25% of leadership positions occupied by women.
Internal perceptions of diversity and inclusion	Sharpen our employees' perception of how VC is becoming a more respectful, diverse and inclusive company through specific questions on diversity in our People Management surveys (such as the Climate Survey).	Achieve at least 90% favorability with respect to diversity and inclusion in employee surveys.



Employee in our corporate office in VCNA

5. Reducing our environmental footprint

We manage the impacts of our operations and work to make them increasingly sustainable, thereby reducing our pressure on the environment and natural resources.

INDICATOR	Description	Target
Net CO2 emissions	Net CO2 emissions/ton of cementitious product.	Achieve 520 kg of net CO2 emission per ton of cementitious product.
Dust emissions per ton of clinker	Emissions in g/t clinker.	Reduce the emission of dust per ton of product to 30g/t clinker.
SOx emissions per ton of clinker	Emissions in g/t clinker.	Reduce the emission of SOx per ton of product to 490g/t clinker.
NOx emissions per ton of clinker	Emissions in g/t clinker.	Reduce the emission of NOx per ton of product 1400g/t clinker.
Renewable electricity	Percentage of electricity we produce and consume from hydroelectric, solar or wind power plants or renewable energy purchased externally through a renewable power purchase agreement and/or RECs (Renewable Energy Certificate).	Achieve 45% renewable electricity.
Water and biodiversity management plans	Implement the scheduled activities of the current management plans.	Evolve in the implementation of our water and biodiversity management plans in sensitive areas.



Babassu coconut cooperative employee in Brazil



6. Promoting a more circular business environment

We adopt a regenerative approach in the way we do business, seeking to eliminate waste, repurpose by-products from other industries and increase the use of renewable resources.

INDICATOR	Description	Target
Thermal substitution	Heat consumption of alternative fuels (waste and biomass) divided by the total heat consumption.	Achieve 53% thermal substitution.
Percentage of clinker in cement	Ratio between the total clinker consumption and cement production.	Reduce the clinker/cement factor to 68%
Percentage of recycled concrete returned	Concrete returned to our concrete operations that is recovered as new concrete or aggregate.	70% recycled concrete returned.



7. Generating shared value in our communities

We are important parts of the communities where we operate and sell our products. We believe in the transformative power of our people and our products, and we are committed to generating shared value and improving people's lives.

INDICATOR	Description	Target
Operations with community engagement, impact assessment and/or development programs	Percentage of operations with local community engagement, impact assessment and/or development programs.	90% of operations with community engagement, impact assessment and/or development programs.
Employees engaged in volunteer initiatives	Percentage of employees engaged in volunteer initiatives during the year.	20% of employees engaged in volunteer initiatives.
Local supply	Promotion of local purchases, following the specificities and regulations of each region where we operate.	60% local supply.



Home renovation volunteers in Brazil

To learn more, read [Our 2030 Commitments](#), available for download on our website.



IN THIS CHAPTER

External Readers

EXTERNAL READERS

Employees in our corporate
offices in Brazil

External Readers

The 2020 Integrated Report of Votorantim Cimentos reflects the impressive efforts of each employee and of the entire company to continue delivering its products and services to society, while paying the highest attention to the health of each individual (staff members and people from vulnerable surrounding communities). These efforts are really remarkable.

Continuous support to the mental and physical health of employees must be sustained in 2021. An assessment of their satisfaction toward COVID-19-related management measures is recommended in order to better understand their actual impact and to identify potential needs for further support.

The COVID-19 crisis demonstrates the ability of Votorantim Cimentos to question itself, to innovate and to quickly adapt internal processes to a major (unexpected) global crisis.

The climate crisis is, in contrast, a very predicted one and is still largely ahead of us. It will also require science-based decision making, a profound transformation of the industry, and the ability to create and deploy innovation at scale.

The ambition of Votorantim Cimentos to deliver a carbon-neutral concrete by 2050 deserves to be welcomed. The related intermediate targets toward 2030 appear to be challenging and will require an acceleration of the current improvement rate. A validation of these targets according to science-based criteria would further increase their credibility as milestones in the decarbonisation pathway of the company.

The fact that this decarbonisation agenda is now being addressed by a dedicated Board Committee and that the company CEO is responsible for managing climate issues gives a strong signal. Beyond full-scale deployment of validated CO₂-emission reduction techniques and technologies, an ambitious innovation and investment agenda will be required to achieve carbon neutrality. Votorantim Cimentos is today an active player in the innovation efforts of the cement sector. I am looking forward to reading more about innovative technological projects, future industrial-scale pilots and/or first-of-a-kind plants that will open the way to carbon neutrality.

The fifth strategic driver of the capital allocation process (sustainability) should, in my view, fully integrate in its wording the decarbonisation ambition of the company, which will require consequent investments over the next few decades.

I would also highly appreciate to get a better understanding of the advocacy agenda of Votorantim Cimentos, since an enabling regulatory framework will be crucial to achieve the carbon neutrality ambition.

I would also like to underline the sectorial leadership of Votorantim Cimentos in Diversity & Inclusion programs. Clear targets have been set. The company embraces diversity in all its dimensions: it goes much beyond better gender balance, but also addresses age, sexual orientation, ethnicity, etc., in order to build a truly inclusive working environment where every individual can feel recognized, respected, valued.

Overall, the 2020 Integrated Report is credible, openly reflects positive evolutions as well as faced hurdles and challenges, and gives a comprehensive and externally assured snapshot of the company's performance over sufficient periods of time. A clearer distinction should sometimes be made in the reporting between groupwide, regional and country-specific initiatives or objectives.

I would like to thank Votorantim Cimentos for the opportunity to share my views and for its openness to constructive criticism, which as such confirms its commitment to move ahead on an ambitious sustainability agenda. My congratulations to the teams for this remarkable 2020 Integrated Report.



Bernard Mathieu

**Professor of Sustainability, Solvay Brussels School
– Economics and Management (Université Libre de
Bruxelles, ULB)**

Independent consultant www.hop3.eu

Mathieu has 20 years of experience in the energy intensive industrial sector, with direct responsibility for climate strategies, greenhouse gases emission mitigation plans, CO₂ trading, biodiversity, circular economy, social responsibility and related public affairs activities. He has been directly engaged in various projects that address the climate challenge, working with organizations such as the International Energy Agency and the World Business Council for Sustainable Development.

External Readers

For many years, I have been sceptical of the value of corporate sustainability reports as they tend to give companies the space to communicate on those areas that they would like to cover, rather than those that are material to their environmental impacts. So when I was asked to evaluate this Report for a heavy emitting company like Votorantim Cimentos, I was intrigued.

I am happy to report that this report is truly comprehensive and expansive in its assessment of the impact of their business, following GRI guidelines. I was particularly pleased to see that Votorantim Cimentos had scored an A- in the CDP reporting, which had in turn informed their alignment with the Task Force on Climate-related Financial Disclosures (TCFD) and their 2030 emissions trajectory.

I am happy with their recent efforts to decarbonize their business, but we need them to go even further. Net zero by 2050 is exciting, but I would like them to do more to reduce their impact by 2030. Achieving 25% reduction by 2020 on an intensity metric is good, but they need to shift the focus from emissions intensity to absolute emissions reductions. Some of the projects outlined are innovative and exciting, but I would like to see more innovation around emissions reductions and efforts to share this with the wider industry.

It is obviously not acceptable that a major cement company missed 2020 renewable energy and water security targets. They need to redouble their efforts in this area.

I would also suggest that a more integrated picture of the intersection of the different environmental challenges faced by a major cement company would help stakeholders understand the difficult choices that need to be made. I would also like to see more proactive efforts to drive more biodiversity beyond mine closures.

On Supply Chain, I was happy to see the beginnings of a number of initiatives, but it is too early to assess their impact (many starting in 2021). I would encourage the business to go further to manage their environmental impacts in their supply chain and ensure that they do this in collaboration with other organizations.

Congratulations to Votorantim Cimentos on their major achievements and an excellent and comprehensive report.



Dexter Galvin

Global Director of Corporations & Supply Chains, CDP

Galvin leads CDP's work to support companies in building a truly sustainable economy, by measuring and understanding their environmental impact in their own operations and in their global supply chains. His remit includes developing market-leading products for companies through CDP's Reporter Services team, working with the organization's corporate partners, and overseeing its involvement in the We Mean Business "Commit to Action" campaigns with corporations.



Aerial view of a bridge



IN THIS CHAPTER

GCCA Charter

GCCA KPIs

GRI Content Index

GRI Standards Disclosures

ANNEX



GCCA CHARTER

CO2 and climate protection	Status 2020	Emissions reduction	Status 2020
Use the tools set out in the GCCA CO2 and Energy protocol to define and make public our baseline emissions	Protocol used by all plants of our cement business and verified by a third party	Apply the Guidelines for Emissions Monitoring and Reporting in the Cement Industry	Reports used by all plants of our cement business and audited by the CSI in 2014 and 2018
Develop a climate change mitigation strategy, and publish targets and progress	Decarbonization strategy approved by the Board and publicly announced in 2020 in Our 2030 Commitments	Make emissions data publicly available and accessible to stakeholders	See our 2020 Integrated Report
Report annually on CO2 emissions in line with the protocol	See our 2020 Integrated Report	Set emissions targets for main pollutants (NOx, SOx, dust) and report publicly on progress	Set in Our 2030 Commitments and monitored annually in the Integrated Report
Participate in and contribute agreed datasets to the Getting the Numbers Right global cement database system of CO2 and energy information	Effective participation since the beginning of CSI (founding member) – current GCCA	Local impact on land and communities	Status 2020
Responsible use of fuels and raw materials	Status 2020	Apply the Environmental and Social Impact Assessment Guidelines and develop tools to integrate them into decision making processes	We adopt environmental and social impact assessment criteria for our new projects and for significant expansion projects. Verified by CSI audit in 2018
Apply the guidelines for co-processing fuels and raw materials in cement manufacturing	Effective application (2018 CSI audit) and elaboration, in 2019, of internal VC guideline	Apply the Guidelines on Quarry Rehabilitation	Guidelines adopted for all cement plants in Brazil
Employee health and safety	Status 2020	Water	Status 2020
Apply the Health and Safety in the Cement Industry: Guidelines for measuring and reporting	Under implementation	Apply the Protocol for Water Reporting for the Cement Industry	Protocol adopted by all cement plants
Report to the GCCA annually on employee safety data in line with the guidelines developed for measuring and reporting (fatality data to be reported to the GCCA as of the year of joining)	Through 2020 Integrated Report and reported to GCCA	Reporting and communications	Status 2020
Promote the sharing of good health practices	Under implementation	Report publicly on all agreed GCCA Key Performance Indicators (KPIs) on an annual basis	See our 2020 Integrated Report
		Publish a statement of business ethics	See our Code of Conduct
		Establish a systematic dialogue process with stakeholders to understand and address their expectations	See our 2020 Integrated Report
		Report progress on developing stakeholder engagement programs	See our 2020 Integrated Report
		Develop documented and auditable environmental management systems at all plants	See our Global Environmental Policy



Assurance

Status 2020

CO2 emissions data

Companies will carry out assurance at least once every two years using recognized, independent third-party assurance practitioners

Carried out every year by BVQI

Assurance practitioners will decide on the number of sites to be visited

Decided by BVQI

Assurance statements will explicitly mention the number of sites visited and the corresponding % CO2 emissions covered

Included in BVQI assurance statement

Safety data

Companies will carry out assurance at least once every three years using recognized, independent third-party assurance practitioners

Carried out every year by BVQI

NOx, SOx and Dust emissions data

Companies will carry out assurance at least once every three years using recognized, independent third-party assurance practitioners

Carried out every year by BVQI

Employees at a plant in Brazil





KPIS GCCA CHARTER

Climate protection	2018	2019	2020
Total CO2 emissions - gross (million ton)	21.7	19.0	20.4
Total CO2 emissions - net (million ton)	21.0	18.3	19.6
Specific CO2 emissions - gross (kg / ton cementitious material)	641	615	599
Specific CO2 emissions - net (kg / ton cementitious material)	622	591	576
Responsible use of fuels and raw materials	2018	2019	2020
Specific heat consumption of clinker production (MJ/ton clinker)	3,542	3,474*	3,398
Alternative fossil fuel rate (%)	9.8%	11.3%	11.3%
Biomass fuel rate (%)	8.7%	10.7%	12%
Alternative raw materials rate (%)	6.3%	6.2%	4.9%
Clinker / cement ratio (%)	75.2%	74.3%	74%
Safety ¹	2018	2019	2020
Number of fatalities (directly employed)	0	0	1
Number of fatalities per 10.000 directly employed	0	0	0.87
Number of fatalities (indirectly employed)	4	2*	6
Number of fatalities (third party)	0	1	0
Number of days lost due to injuries (calendar days / employees)	2,400*	5,320*	1,522
Total Number of days lost due to injuries (calendar days / employees)	7,662*	5,750*	2,149
Lost time injuries per 1 million man-hours (directly employed)	1.41	1.83	1.11

¹ Figures do not include Uruguay operations, except for number of fatalities.

Emissions reduction	2018	2019	2020
Overall coverage rate: percentage (%) of clinker produced with monitoring of all pollutants mentioned in the emissions guidelines	82%	92%*	85%
Continuous measurement of Coverage rate: percentage (%) of clinker produced with continuous monitoring of main pollutants, dust, NOx, SOx	99%	100%	100%
Dust - coverage rate (%)	100%	100%	100%
NOx - coverage rate (%)	100%	100%	100%
SOx - coverage rate (%)	100%	100%	100%
VOC/THC - coverage rate (%)	90%	98%	96%
PCDD/F - coverage rate (%)	93%	97%	85%
Hg - coverage rate (%)	98%	100%	98%
Sum of Cd and Tl - coverage rate (%)	98%	98%	98%
Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V - coverage rate (%)	98%	97%*	98%
Dust - specific emissions (grams / ton clinker)	57	54*	46
NOx - specific emissions (grams / to clinker)	1,701	1,617*	1,600
SOx - specific emissions (grams / ton clinker)	717	691*	749
VOC/THC - specific emissions (grams / ton clinker)	61	63*	54
PCDD/F - specific emissions (µg / ton clinker)	0.6	0.1	0.1
Hg - specific emissions (mg / ton clinker)	6	12	8

*Revised figures GRI 102-48

Emissions reduction	2018	2019	2020
Sum of Cd and Tl - specific emissions (mg / ton clinker)	14	22*	14
Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V - specific emissions (mg / ton clinker)	940	889*	335
Dust - absolute emissions (kton / year)	1.35	1.22	1.10
NOx - absolute emissions (kton / year)	40.40	36.52	38.17
SOx - absolute emissions (kton / year)	17.01	15.61	17.88
VOC/THC - absolute emissions (ton / year)	1,457	1,413*	1,298
PCDD/F - absolute emissions (g / year)	14.15	2.24	2.87
Hg - absolute emissions (kg / year)	144	274	200
Sum of Cd and Tl - absolute emissions (kg / year)	332	500	324
Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V - absolute emissions (t / year)	22.3	20.1	8.0

Note: Includes only cement business.

Local impact on land and communities	2018	2019	2020
Percentage (%) of sites with existing community engagement plans	24%	41%	33.4%
Percentage (%) of sites with existing mine rehabilitation plans	90%	93%	94%
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity, as specified by GRI 304-1 ¹	14	14*	21
Percentage (%) of mines with high biodiversity value in which biodiversity management plans are actively implemented ¹	21%	50%*	38%

¹ The calculation of this indicator considers three factors:

The importance of the area of high relevance to biodiversity overlapping the mining area,

The percentage of overlapping area of high relevance to biodiversity under the mining area (considering a radius of 5 km from the center of the mine).

The distance from the area of high relevance to biodiversity under the mining center.

*Revised figures GRI 102-48.





GRI CONTENT INDEX



GRI 102-55

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GENERAL DISCLOSURES

ORGANIZATIONAL PROFILE

GRI Standard	Disclosure item	Page/URL	Omission	SDG
GRI 101: Foundation 2016				
	102-1 Name of the organization	22		
	102-2 Activities, brands, products, and services	26, 27, 28, 29		
	102-3 Location of headquarters	22, 26, 149		
	102-4 Location of operations	27, 28		
	102-5 Ownership and legal form	22, 26		
	102-6 Markets served	22, 26		
GRI 102: General Disclosures 2016	102-7 Scale of the organization	26, 29		
	102-8 Information on employees and other workers	51, 138		8
	102-9 Supply chain	64		
	102-10 Significant changes to the organization and its supply chain	75		
	102-11 Precautionary Principle or approach	32		
	102-12 External initiatives	23, 24		
	102-13 Membership of associations	25		

STRATEGY

GRI Standard	Disclosure	Page/URL	Omission	SDG
GRI 102: General Disclosures 2016	102-14 Statement from senior decision-maker	12		
	102-15 Key impacts, risks and opportunities	12, 38		

ETHICS AND INTEGRITY

GRI Standard	Disclosure	Page/URL	Omission	SDG
GRI 102: General Disclosures 2016	102-16 Values, principles, standards, and norms of behavior	32		16
	102-17 Mechanisms for advice and concerns about ethics	32		16

GOVERNANCE

GRI Standard	Disclosure	Page/URL	Omission	SDG
GRI 102: General Disclosures 2016	102-18 Governance structure	30		
	102-20 Executive-level responsibility for economic, environmental, and social topics	30, 31		
	102-22 Composition of the highest governance body and its committees	31		
	102-23 Chair of the highest governance body	30		
	102-26 Role of highest governance body in setting purpose, values, and strategy	30		

STAKEHOLDER ENGAGEMENT

GRI Standard	Disclosure	Page/URL	Omission	SDG
GRI 102: General Disclosures 2016	102-40 List of stakeholder groups	6		
	102-41 Collective bargaining agreements	138		8
	102-42 Identifying and selecting stakeholders	6		
	102-43 Approach to stakeholder engagement	6, 59, 69, 71, 118		
	102-44 Key topics and concerns raised	6, 7, 8		

REPORTING PRACTICE

GRI Standard	Disclosure	Page number(s), URL(s) and/or direct answers	Omission	SDG
GRI 102: General Disclosures 2016	102-45 Entities included in the consolidated financial statements	Calmit Mineração e Participações Ltda.; Votorantim Cimentos N/NE S.A.; Votorantim Cimentos S.A.; CRB Operações Portuárias S.A.; Fazenda São Miguel Ltda.; Cia. de Cimento Pinheiro Machado; Cimento Itau do Paraná Ltda.; Pedreira Pedra Negra Ltda.; Petrolina Mineração Zeta Ltda.; Mineração Potilider Ltda.; Lidermac Indústria e Comércio Ltda.; D&L Mineração Ltda.; Cimento Vencemos do Amazonas Ltda.; MOV-C Transportes Ltda.; Silcar; Empreendimentos, Comércio e Participações Ltda.; Votorantim Cimentos Machadinho Energia Ltda.; St Marys Cement Inc.; Cimentos Artigas S.A.; Votorantim Cimentos EAA Inversiones, S.L.; Votorantim Cimentos Argentina S.A.; Votorantim Cement Trading S.L.; Itacamba Cimentos S.A.; GB Minerales Y Agregados S.A.; Votorantim Cimentos International S.A.; VC Latam S.A.		

REPORTING PRACTICE

GRI Standard	Disclosure	Page/URL	Omission	SDG
	102-46 Defining report content and topic boundaries	5, 7, 8		
	102-47 List of material topics	7, 8		
	102-48 Restatement of information	54, 99, 100, 115, 116, 117, 128, 130, 132, 133, 134, 135, 141, 142, 143		
	102-49 Changes in reporting	No changes		
	102-50 Reporting period	5		
GRI 102: General Disclosures 2016	102-51 Date of most recent report	2019 Integrated Report, publish in https://www.votorantimcimentos.com.br/download/en/integrated-report-2019.pdf		
	102-52 Reporting cycle	5		
	102-53 Contact point for questions regarding the report	5, 148		
	102-54 Claims of reporting in accordance with the GRI Standards	5		
	102-55 GRI content index	101		
	102-56 External assurance	147		



MATERIAL TOPICS

GRI 205: ANTI-CORRUPTION

GRI Standard	Disclosure	Page/URL	Omission	SDG
GRI 103 Management Approach 2016	103-1 Explanation of the material topic and its boundary	32		
	103-2 The management approach and its components	32, 24		
	103-3 Evaluation of the management approach	32		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	33, 118		16
	205-2 Communication and training about Anti-corruption policies and procedures	33, 119		16
	205-3 Confirmed incidents of corruption and actions taken	33, 120		16

GRI 206: ANTI-COMPETITIVE BEHAVIOR

GRI 103 Management Approach 2016	103-1 Explanation of the material topic and its boundary	32		
	103-2 The management approach and its components	32		
	103-3 Evaluation of the management approach	32		
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	120		5, 8, 16

GRI 301: MATERIALS

GRI 103 Management Approach 2016	103-1 Explanation of the material topic and its boundary	123		
	103-2 The management approach and its components	123		
	103-3 Evaluation of the management approach	123		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	123		9, 12

ENERGY

GRI Standard	Disclosure	Page/URL	Omission	SDG
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	40, 41, 44, 77, 81, 91		
	103-2 The management approach and its components	40, 41, 44, 77, 81, 91		
	103-3 Evaluation of the management approach	40, 41, 44, 77, 81, 91		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	124		13, 15
	302-2 Energy consumption outside of the organization	125		13, 15
	302-3 Energy intensity	81, 125		13, 15
EMISSIONS				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	41, 43, 44, 77, 80, 91		
	103-2 The management approach and its components	41, 43, 44, 77, 80, 91		
	103-3 Evaluation of the management approach	41, 43, 44, 77, 80, 91		

EMISSIONS

GRI Standard	Disclosure	Page/URL	Omission	SDG
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	132		13, 15
	305-2 Energy indirect (Scope 2) GHG emissions	133		13, 15
	305-3 Other indirect (Scope 3) GHG emissions	133		13, 15
	305-4 GHG emissions intensity	132		13, 15
	305-5 Reduction of GHG emissions	133		13, 15
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	134		13, 15

ENVIRONMENTAL COMPLIANCE

GRI Standard	Disclosure	Page/URL	Omission	SDG
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	79		
	103-2 The management approach and its components	79		
	103-3 Evaluation of the management approach	79		
GRI 307: Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations	137		16

EMPLOYMENT

GRI Standard	Disclosure	Page/URL	Omission	SDG
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	56, 90		
	103-2 The management approach and its components	56, 90		
	103-3 Evaluation of the management approach	56, 90		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	139, 140		1

OCCUPATIONAL HEALTH AND SAFETY

GRI Standard	Disclosure	Page/URL	Omission	SDG
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	52, 54		
	103-2 The management approach and its components	52, 54		
	103-3 Evaluation of the management approach	52, 54		



OCCUPATIONAL HEALTH AND SAFETY

GRI Standard	Disclosure	Page/URL	Omission	SDG
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	52		3, 8
	403-2 Hazard identification, risk assessment, and incident investigation	9, 52		3, 8
	403-3 Occupational health services	9, 52		3, 8
	403-4 Worker participation, consultation, and communication on occupational health and safety	52		3, 8
	403-5 Worker training on occupational health and safety	52		3, 8
	403-6 Promotion of worker health	52		3, 8
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	52		3, 8
	403-9 Work-related injuries	141		3, 8

TRAINING AND EDUCATION

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	58		
	103-2 The management approach and its components	58		
	103-3 Evaluation of the management approach	58		
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	142		4, 10



DIVERSITY AND EQUAL OPPORTUNITY

GRI Standard	Disclosure	Page/URL	Omission	SDG
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	56, 57		
	103-2 The management approach and its components	56, 57		
	103-3 Evaluation of the management approach	56, 57		
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	51, 143, 144		5

NON-DISCRIMINATION

GRI Standard	Disclosure	Page/URL	Omission	SDG
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	32		
	103-2 The management approach and its components	32		
	103-3 Evaluation of the management approach	32		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	33, 121		5, 8, 16

CHILD LABOR

GRI Standard	Disclosure	Page/URL	Omission	SDG
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	32		
	103-2 The management approach and its components	32		
	103-3 Evaluation of the management approach	32		
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	122		5, 8, 16



FORCED OR COMPULSORY LABOR

GRI Standard	Disclosure	Page/URL	Omission	SDG
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	64		
	103-2 The management approach and its components	64		
	103-3 Evaluation of the management approach	64		
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	122		5, 8, 16

LOCAL COMMUNITIES

GRI Standard	Disclosure	Page/URL	Omission	SDG
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	59		
	103-2 The management approach and its components	59		
	103-3 Evaluation of the management approach	59		
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	145		1, 2, 4

PUBLIC POLICY

GRI Standard	Disclosure	Page/URL	Omission	SDG
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	32		
	103-2 The management approach and its components	32		
	103-3 Evaluation of the management approach	32		
GRI 415: Public policy 2016	415-1 Political contributions	118		16

SOCIOECONOMIC COMPLIANCE

GRI Standard	Disclosure	Page/URL	Omission	SDG
GRI 103 Management Approach 2016	103-1 Explanation of the material topic and its boundary	32		
	103-2 The management approach and its components	32		
	103-3 Evaluation of the management approach	32		
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	120		16
GRI 103 Management Approach 2016	103-1 Explanation of the material topic and its boundary	70		
	103-2 The management approach and its components	70		
	103-3 Evaluation of the management approach	70		
VC Topic: Customer Relationship and Satisfaction	VC-1 Satisfaction survey results (NPS)	118		8, 9
GRI 103 Management Approach 2016	103-1 Explanation of the material topic and its boundary	37, 43, 44, 46, 47		
	103-2 The management approach and its components	37, 43, 44, 46, 47		
	103-3 Evaluation of the management approach	37, 43, 44, 46, 47		
VC Topic: Research and innovation	VC-2 Investments in research and innovation	17		8, 9, 17

NON-MATERIAL TOPIC

GRI Standard	Disclosure	Page/URL	Omission	SDG
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	115		
GRI 202: Market presence 2016	202-2 Proportion of senior management hired from the local community	117		8
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	116		12
GRI 303 Water and Effluents 2018	303-3: Water withdrawal	126		
	303-4: Water discharge	127		
	303-5: Water consumption	128		
GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	130		15
	304-4 IUCN Red List species and national conservation list species with habitats in áreas affected by operations	131		15
Sector disclosures: MM2	MM2 The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	129		15
Sector disclosures: MM10	MM10 Number and percentage of operations with closure plans	129		15
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	136		6,12

GRI Standard	Disclosure	Page/URL	Omission	SDG
GRI 308: Supplier Environmental Assessment 2016	308-1 Percentage of new suppliers that were screened using environmental criteria	116		12
	308-2 Negative environmental impacts in the supply chain and actions taken	116		12
GRI 411: Rights of Indigenous Peoples 2016/2016	411-1 Incidents of violations involving rights of indigenous peoples	122		
GRI 414: Supplier Social Assessment 2016	414-1 Percentage of new suppliers that were screened using social criteria	116		12
	414-2 Negative social impacts in the supply chain and actions taken	116		12



ANNEX GRI

ECONOMIC PERFORMANCE

GRI 201-1

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED GRI 201-1, GRI 102-41

	2018	2019	2020
Economic value generated (R\$ thousands)	15,278,098*	15,877,520*	19,600,528
Net revenue	12,609,876	13,026,664*	16,739,835
Cement	8,902,225	9,127,448	11,542,316
Concrete	2,487,147	2,606,247	3,561,241
Aggregates	459,227	481,304*	545,417
Mortar	453,776	425,218*	604,661
Other	307,501	386,447	486,200
Economic value distributed (R\$ thousands)	7,211,517*	7,157,514	8,906,232
Employee remuneration ¹	2,199,590	2,305,332*	2,900,373
Taxes and fees ²	3,027,997	2,603,860	3,431,588
Third-party capital remuneration ³	1,973,530	1,699,082	2,136,807
Economic value retained ⁴	10,400	549,240	437,464

¹ Direct remuneration, retirement plan and pension plan, social charges and benefits

² Federal, State, Municipal and Deferred taxes and contributions

³ Financial expenses and passive exchange variations and rents

⁴ Non-controlling interest, profit (loss) retained and profit (loss) from discontinued operations

*Revised figures GRI 102-48



ECONOMIC PERFORMANCE

SUPPLIERS	2018	2019	2020
Proportion of spending with local suppliers at significant operating locations¹ <u>GRI 204-1</u>			
Total amount spent with suppliers (billion R\$)	1.47	1.87	1.72
Proportion of spending with local suppliers at significant operating locations ²	49%	49.3%	46.7%
Contracting of suppliers¹			
Total number of new suppliers	549*	751*	836
Total number of new suppliers selected according to environmental criteria ³ <u>GRI 308-1</u>	549	751	836
Total number of new suppliers selected according to social criteria ⁴ <u>GRI 414-1</u>	549*	751	836
Percentage of new suppliers that were selected using environmental criteria <u>GRI 308-1</u>	100%*	100%*	100%
Number of suppliers identified as causing negative environmental impact and actions taken <u>GRI 308-2</u>	Not Monitored	Not Monitored	Not Monitored
Percentage of new suppliers that were selected using social criteria <u>GRI 414-1</u>	100%*	100%*	100%
Number of suppliers identified as causing negative social impact and actions taken <u>GRI 414-2</u>	Not Monitored	Not Monitored	Not Monitored

¹Results refer to VCBR operations

²The incentive for hiring with a focus on the development of local companies happens through the approval of purchases of up to R\$ 5,000 (services) and R\$ 3,000 (materials) to be made directly by the units without the involvement of Procurement.

³100% of suppliers hired by the Procurement area are submitted to a certification process via Equipo/SIPM. As part of this process, suppliers must present required environmental documents according to the selected supply category (according to the CNAE in their CNPJ), which must be validated by VSA's certification area. Suppliers can be disqualified if they fail to present the complete mandatory documentation.

⁴We considered all suppliers that were subjected to and approved in the certification process, in which we request documents that validate the economic and financial situation of the suppliers that are hired by Votorantim Cimentos.

*Revised figures GRI 102-48



ECONOMIC PERFORMANCE

LOCAL HIRES GRI 202-2

Proportion of senior management ¹ hired from the local community ² at significant locations of operation	2018	2019	2020
VCBR	66.7%*	88.2%*	81.25%
VCEAA	54.2%*	35.3%*	56.25%
VCNA	81%*	100%*	95.8%
VCLATAM	25.0%	40.0%	38.5%

Percentage of employees from the local community ²	2018	2019	2020
VCBR	83%*	82.8%*	82.4%
VCEAA	99.9%	96.6%	98.4%
VCNA	96.6%	96.4%	99.8%
VCLATAM	69.3%	70.8%	75.9%

¹ Includes senior managers, general managers, directors and the CEO.

² Employees born or naturalized in the country of operation are considered to be local hires at VCNA and VCEAA and in Uruguay. At VCBR and in Bolivia, due to specific local characteristics, we adopt regional criteria.

*Revised figures GRI 102-48



ECONOMIC PERFORMANCE

GOVERNMENT RELATIONS GRI 415-1

	2018	2019	2020
Political contributions (in R\$)	0	0	0

Scope: VCBR, VCNA and VCEAA

CONSUMER RELATIONS VC-1 102-43

	2018	2019	2020
Net Promoter Score (NPS) survey results	63	73	61

Scope: VCBR.

OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION GRI 205-1

	2018	2019	2020
Percentage of operations assessed	0%	0%	25%

Significant corruption-related risks identified through this assessment

The assessment on anti-corruption within Votorantim Cimentos operations is not conducted on an annual basis. To ensure compliance with our anti-corruption code, we perform this assessment every three years through an external consultancy. This process will be conducted again globally in 2019.

Last year, the Compliance area conducted a self-assessment of its Compliance Program at a global level, including the Anti-Corruption pillar. The self-assessment, which involves several areas of the Company, aims to provide insight into the level of maturity of the pillars that make up the Votorantim Cimentos Compliance Program through an integrated and consolidated panel, as well as to direct the strategy and priority actions to improve compliance over the next years.

For VCBR, the Compliance area performed a pilot Anti-Corruption Risk Assessment including two specific areas and exposures in relationships with the Government. For the other regions, the Compliance area maintained the continuous self-assessment of its Compliance Program at a global level, including the Anti-Corruption pillar. The self-assessment of several areas of the company aims to provide insight into the maturity level of the pillars of the Compliance Program of Votorantim Cimentos through an integrated and consolidated perspective, while also guiding the strategy and priority actions to strengthen and improve compliance in the coming years.

ECONOMIC PERFORMANCE

ANTI-CORRUPTION COMMUNICATION AND TRAINING¹ GRI 205-2

Employees	2019				Number of employees	2020			
	Communicated		Trained			Communicated		Trained	
	Number	Percentage	Number	Percentage		Number	Percentage	Number	Percentage
President/Director	17	100%	6	35%	17	17	100%	1	6%
Manager/General Manager	232	100%	57	25%	321	321	100%	103	32%
Coordinator/Consultant	397	100%	102	26%	481	481	100%	145	30%
Technician/Analyst/Supervisor	2,036	100%	600	29%	2,421	2,421	100%	645	27%
Operator	4,377	100%	1,921	44%	6,173	5,293	86%	832	13%
Total	7,727	100%	3,153	41%	9,413	8,533	91%	1,726	18%
Members of governance bodies	Number	Percentage	Number	Percentage	Number	Percentage	Additional comments		
Total	1	8%	1	8%	22	~50%	Documents referring to compliance policy		
Partners communicated about anti-corruption policies and procedure	Number	Percentage	Additional comments		Number	Percentage	Additional comments		
Total	4,159	~50%	Documents referring to anti-corruption policy		13,164	~50%	Documents referring to anti-corruption policy		

¹ Scope VCBR and VCEAA. The % reduction can be explained by the inclusion of Information from VCEAA.

ECONOMIC PERFORMANCE

ANTI-CORRUPTION GRI 205-3

	2018	2019	2020
Number of cases of corruption confirmed by the Business Ethics Office	0	0	0

Note: The disclosure covers cases of corruption received by the Business Ethics Office (EthicsPoint System), which includes VCBR, VCEAA and VCNA.

COMPETITION GRI 206-1

	2018	2019	2020
Total number of legal actions for unfair competition, trust and monopoly Practices ¹	2	2	2
Value of legal actions (million R\$)	6,100	6,100	6,300

¹Considers only legal actions above R\$ 98 million, in line with the standards applied for M&A and Due Diligence.

SOCIOECONOMIC COMPLIANCE ¹ GRI 419-1

	2020
Total number of significant fines received in the year	0
Total monetary value of significant fines received in the year	0
Total number of non-monetary sanctions	0
Number of cases (both fines + sanctions) brought through dispute resolution mechanisms	0

¹Significant monetary fines: value above R\$ 1 million. Non-monetary sanctions that cause interruptions or adjustments over R\$ 5 million.



ECONOMIC PERFORMANCE

DISCRIMINATION GRI 406-1

	2018	2019	2020
Total number of incidents of discrimination received by the global business ethics office and the corrective actions taken			
Race/color	0	2	5
Age group	1	0	0
Gender	0	0	0
Religion	0	0	0
Political opinion or other opinion	0	0	1
Nationality or social origin	2	1	4
Physical conditions	0	1	0
War veterans	0	0	0
Other incidents (discrimination)	0	0	0
Total number of incidents analyzed	3	4	6
Analyzed and considered unfounded	3	2	7
Under analysis	0	0	0
Substantiated	0	1	1

The disclosure includes VCBR, VCEAA and VCNA operations. Considers only cases of discrimination. Does not include alleged harassment allegations.



ECONOMIC PERFORMANCE

CHILD LABOR GRI 408-1

	2018	2019	2020
Operations at significant risk for incidents of child labor	Not monitored	Not monitored	Not monitored
Operations at risk of having young workers exposed to dangerous work	Not monitored	Not monitored	Not monitored
Suppliers at significant risk for incidents of child labor	Not monitored	Not monitored	Not monitored
Suppliers at risk of having young workers exposed to dangerous work	Not monitored	Not monitored	Not monitored

Note: Compulsory and child labor are issues included the Votorantim Cimentos Code of Conduct, which addresses our commitment to the United Nations Universal Declaration of Human Rights and the UN Global Compact and has among its principles to eliminate all forms of forced or compulsory labor and eradicate all forms of child labor from our production chain. These practices are prohibited in all company and commercial partners' facilities. It is also prohibited to hire any organization that does not follow our Company's conduct guidelines. This issue is also addressed in the event of complaints to our Business Ethics Office, which is prepared to carry out investigations and verify the materiality of the complaint. The Office of Labor (within the Ministry of Economy) Restricted List is cross-checked with our SAP list of suppliers. If there is evidence of misconduct, the supplier is demobilized and blocked to prevent future hiring. The Votorantim Cimentos General Conditions Term states that all suppliers must follow our Code of Conduct (ethics, values and compliance with labor legislation). Through the new SIPM tool, suppliers must accept our General Conditions Term; otherwise they are rejected in the certification process. They must also fill out a Compliance Survey, in which they need to address several topics, including child labor. If the survey answers are unsatisfactory, the supplier is submitted for analysis by the Compliance area and may be rejected in the certification process.

Disclosure includes VCBB, VCEAA and VCNA operations.

FORCED OR COMPULSORY LABOR GRI 409-1

	2018	2019	2020
Operations at significant risk for incidents of forced or compulsory labor	Not monitored	Not monitored	Not monitored
Suppliers at significant risk for incidents of forced or compulsory labor incidents	Not monitored	Not monitored	Not monitored

INDIGENOUS RIGHTS GRI 411-1

	2018	2019	2020
Incidents of violations involving rights of indigenous peoples	0	0	0



ENVIRONMENTAL PERFORMANCE

ENVIRONMENTAL INVESTMENTS GRI 103-2

	2018	2019	2020
Total Environmental Capex and Opex by type (million R\$)			
Environmental Compliance <u>VC-3</u>			
Environmental investments (Capex) (R\$)	42.5	103.6	29.7
Environmental expenses (Opex) (R\$)	41.7	124.4	63.6

MATERIAL USED GRI 301-1

Renewable materials (tonne) ¹	2018	2019	2020
VCBR	-	54,429	68,181
VCEAA	-	0	0
VCNA	-	0	0
Total	-	54,420	68,181
Non-renewable materials (tonne) ¹	2018	2019	2020
VCBR	-	28,126,910	37,145,648
VCEAA	-	9,186,477	9,312,743
VCNA	-	6,734,703	7,662,009
Total	65,390,000	44,048,091	54,120,400

¹ The scope covers VCNA, VCEAA and VCBR cement operations.

Note: Materials include raw materials used in the raw meal (flour) phase and in the cement grinding phase, alternative raw materials and other materials. All materials used in our process are non-renewable, except biomass.

ENVIRONMENTAL PERFORMANCE

ENERGY CONSUMPTION INSIDE THE ORGANIZATION¹ GRI 302-1

Non-renewable sources (GJ)	2018	2019	2020
Cement	83,942,443	71,742,433	75,249,280
Aggregates	69,774	73,067	77,412
Concrete	205,959	221,907	220,288
Mortar	22,570	28,130	11,785
Limes and agricultural inputs	32,508	29,644	24,900
Total	84,273,254	72,095,181	75,583,366
Renewable sources (GJ)	2018	2019	2020
Cement	7,205,274	8,593,890	10,244,265
Aggregates	7,260	7,913	11,049
Concrete	26,237	28,134	36,073
Mortar	153	216	439
Limes and agricultural inputs	3,447	3,222	3,790
Total	7,242,372	8,633,375	10,295,617

Electricity (MWh)	2018	2019	2020
Cement	3,660,140	3,422,937	3,707,824
Aggregates	10,452	10,294	4,368
Concrete	3,142	3,067	3,086
Mortar	7,545	7,928	7,601
Limes and agricultural inputs	45,763	47,561	50,094
Total	3,727,041	3,491,786	3,772,973
Total consumption (GJ)	2018	2019	2020
Cement	104,324,221	92,658,896	98,841,710
Aggregates	114,661	118,038	104,187
Concrete	243,507	261,080	267,470
Mortar	49,884	56,887	39,587
Limes and agricultural inputs	200,702	204,087	209,029
Total	104,932,975	93,298,988	99,461,984

¹ Scope: all VCBR operations and VCEAA, VCNA and VCLATAM cement operations.

ENVIRONMENTAL PERFORMANCE

ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION¹

GRI 302-2

Transport and distribution ¹	2018	2019	2020
VCBR	8,724,131	8,697,412	3,862,299

¹ Scope: VCBR.



One of our plants in Bolivia

ENERGY INTENSITY GRI 302-3

Fuels ¹ (GJ)	2018	2019	2020
Thermal Energy Consumption (MJ/t clinker)	3,542	7,474	3,398
Aggregates (MJ/ton of product)	22	21	28
Concrete (MJ/m ³ of concrete)	132	140	141
Mortar (MJ/ton of product)	31	40	18
Lime and agricultural inputs (MJ/ton of product)	20	16	14
Electricity ^{1,2}	2018	2019	2020
Cement (kWh/ton of cementitious product)	111	112.7	109.1
Aggregates (kWh/ton of product)	3	3	1.4
Concrete (kWh/m ³ of concrete)	2	2	1.7
Mortar (kWh/ton of product)	10	11	11.0
Lime and agricultural inputs (kWh/ton of product)	26	23	23.8

¹ Scope: all VCBR operations and VCEAA, VCNA and VCLATAM cement operations.

² The cement business has the highest energy consumption (99%).



ENVIRONMENTAL PERFORMANCE

WATER WITHDRAWN BY SOURCE GRI 303-3

		2018		2019		2020	
Cement ¹ (megaliter)		All areas		All areas	Areas with water stress	All areas	Areas with water stress
Surface water	Freshwater	7,598.67		11,960.71	6,372.09	13,110.14	5,977.65
Groundwater	Freshwater	2,246.38		1,750.39	817.17	1,054.44	176.79
Rainwater	Freshwater	7.17		5.70	0.00	14.45	0.94
Produced water	Freshwater	NA		31,213.32	24,854.60	39,663.10	16,806.00
Third-party water	Freshwater	219.66		232.59	157.42	361.43	137.69
Total	Freshwater	10,071.88		45,162.69	32,201.28	54,203.56	23,099.05

¹ 89% of the data was obtained by measurement, and 11% by estimate.

		2018		2019		2020	
Concrete VCBR ² (megaliter)		All areas		All areas	Areas with water stress	All areas	Areas with water stress
Surface water		0.00		0.00	0.00	0	0
Groundwater		208.03		321.37	0.00	347.33	257.71
Rainwater		0.00		0.00	0.00	0	0
Produced water		0.00		0.00	0.00	0	0
Third-party water		372.29		333.63	0.00	155.32	86.73
Total		580.31		655.00	0.00	502.65	344.44

² 74% of the data was obtained by measurement, and 26% by estimate.



ENVIRONMENTAL PERFORMANCE

WATER DISCHARGE BY SOURCE GRI 303-4

		2018	2019		2020	
Cement ¹ (megaliter)		All areas	All areas	Areas with water stress	All areas	Areas with water stress
Surface water	Freshwater	4,459.42	35,025.17	27,985.28	44,428.66	17,977.18
	Other water	0.00	0.00	0.00	0	0
Surface water	Freshwater	0.00	10.95	0.00	163.59	12.78
	Other water	0.00	0.00	0.00	0	0
Water sent to third-party supplier	Freshwater	885.85	32.03	8.89	39.61	11.33
	Other water				0	0
Total	Freshwater	5,345.27	35,068.15	27,994.17	44,631.86	18,021.30
	Other water	0.00	0.00	0.00	0.00	0.00
Total		5,345.27	35,068.15	27,994.17	44,631.86	18,021.30

¹ 8% of the data was obtained by measurement, and 92% by estimate.

Note 2: Water stress analysis was performed using the Aqueduct tool.

ENVIRONMENTAL PERFORMANCE

WATER CONSUMPTION GRI 303-5

	2018	2019		2020	
	All areas	All areas	Areas with water stress	All areas	Areas with water stress
Total water withdrawn GRI 303-3	10,071.88	45,162.69	32,201.28	54,203.56	23,099.05
Total water discharged GRI 303-4	5,345.27	35,068.15	27,994.17	44,631.86	18,021.30
Total water consumed GRI 303-5	4,726.61	10,094.55	4,207.11	9,571.7	5,077.7

SPECIFIC WATER CONSUMPTION GCCA

	2018	2019	2020
Total water consumed (liters) per tonne of cement produced	153.10*	337.61	294.11
Total water consumed (liters) per m ³ of concrete produced	329.23	367.50	301.5

*Revised figures GRI 102-48



ENVIRONMENTAL PERFORMANCE

BIODIVERSITY AND RESOURCE CONSERVATION

	2018	2019	2020
Total number of active mines			
Global	86	86	117
VCBR	26	26	59
VCNA	29	29	26
VCEAA	31	31	30
Number of areas of high biodiversity value¹ GRI 304-1			
Global	14	14*	21
VCBR	9	7	11
VCNA	4	4	5
VCEAA	1	1	5
Number of high biodiversity value areas with exist-ing biodiversity management plans GRI MM2			
Global ¹	3	7	8
Percentage of high biodiversity value areas with existing biodiversity management plans			
Global ¹	21%	58%	38.1%
Percentage of quarries with closure plan GRI MM10			
Global ¹	90%	93%	93.2%

¹ According to the "Votorantim Cimentos Biodiversity Management Plan Manual", the identification of areas of high biodiversity value considers three factors:

- The importance of the area of high biodiversity relevance overlapping with the mining area;

- The percentage of overlap between the area of high biodiversity relevance and the mining area (considering a 5-km radius from the center of the mine);

- The distance of the area of high biodiversity relevance to the mining center.

We apply the methodology and rank all areas that are close to or overlap with areas of high biodiversity value, according to these criteria. We prioritized the 21 areas that had the minimum score necessary for the development of a biodiversity management plan.

*Revised figures GRI 102-48



ENVIRONMENTAL PERFORMANCE

BIODIVERSITY GRI 304-3

Habitats protected or restored (in km ²) ¹	2018	2019	2020
Amazônia	28.72	28.72	33.72
Type of area	LR, PPA	LR, PPA	LR, PPA
Status of the area	Preserved	Preserved	Preserved
Caatinga	3.36	3.36	5.79
Type of area	LR, PPA	LR, PPA	LR, PPA
Status of the area	Preserved	Preserved	Preserved
Cerrado	25.52	25.52	25.09
Type of area	LR, PPA, PRNH, WRA	LR, PPA, PRNH, WRA	LR, PPA, PRNH, WRA
Status of the area	Preserved	Preserved	Preserved
Mata Atlântica	50.03	50.03	87.7
Type of area	LR, PPA	LR, PPA	LR, PPA, PRNH
Status of the area	Preserved	Preserved	Preserved
Pantanal	1.68	1.68	1.68
Type of area	LR, PPA	LR, PPA	LR, PPA
Status of the area	Preserved	Preserved	Preserved
Pampa	4.22	4.22	4.22
Type of area	LR, PPA	LR, PPA	LR, PPA
Status of the area	Preserved	Preserved	Preserved

Note: The result of restoration measures in all áreas is approved by external experts.

Brazilian classification of areas: legal Reserve (LR), Permanent Protection Area (PPA), Private Reserve of Natural Heritage (PRNH), Wildlife Refuge Area (WRA).

*Revised figures GRI 102-48



ENVIRONMENTAL PERFORMANCE

BIODIVERSITY GRI 304-4

Total number of species in the IUCN Red List and national conservation lists with habitats in areas affected by operations¹

	2018	2019	2020
Critically endangered	33	33	7
Endangered	118	118	119
Vulnerable	104	104	48
Near Threatened	64	64	36
Least concern ²	NA	NA	NA

¹Disclosure includes information from VCBR (cement and aggregates). In addition to the IUCN classification, state listings from the states of São Paulo, Santa Catarina, Federal District and Rio Grande do Sul were also considered.

² Information not available. Due to the focus on identifying the species of greatest concern for conservation, it will be necessary to review reports and build a new database to identify all species.



ENVIRONMENTAL PERFORMANCE

DIRECT CO2 EMISSIONS AND EMISSION INTENSITY GRI 305-1, 305-4, GCCA

Cement	2018	2019	2020
Gross absolute CO2 emission (tCO2)	21,699,138	19,027,608	20,421,293
Net absolute CO2 emission (tCO2)	21,023,761	18,280,538	19,630,033
Gross specific CO2 emission (kg CO2/t cementitious)	641	615	599
Net specific CO2 emission (kg CO2/t cementitious)	622	591	576
Aggregates	2018	2019	2020
Absolute CO2 emission (tCO2e)	4,909	4,943*	5,199
Specific CO2 emission (kg CO2/t aggregates)	1.43	1.30	1.63
Concrete	2018	2019	2020
Absolute CO2 emission (tCO2e)	15,361	16,430	20,455 ¹
Specific CO2 emission (kg CO2/m ³ concrete)	8.71	9.22	11.21
Mortar	2018	2019	2020
Absolute CO2 emission (tCO2e)	1,476	1,853	1,674
Specific CO2 emission (kg CO2 /t mortar)	2.04	2.62	2.42
Lime and agricultural inputs	2018	2019	2020
Absolute CO2 emission (tCO2e)	177,772	158,226	185,731
Specific CO2 emission (kg CO2 /t lime and inputs produced)	99.70	76.19	88.40
Total – Scope 1	21,898,656	19,209,060	20,634,352
Biogenic emissions (tCO2) Scope 1	1,050,876	1,189,082*	1,322,730

¹ Uruguay included / *Revised figures GRI 102-48

Note: Scope 1 emissions include cement operations in Brazil, VCNA, VCEAA and VCLATAM, and also Uruguay concrete operations, through a consolidation approach.

Emissions from the Cement business were calculated considering the GCCA guidelines for calculating the sector's CO2 emissions. Emissions from other businesses were calculated considering the guidelines of the Brazilian GHG Protocol Program. The gases included in the calculation for scope 1 and 3 were: CO2, CH4, N2O.



ENVIRONMENTAL PERFORMANCE

INDIRECT CO2 EMISSIONS GRI 305-2, 305-3

Indirect CO2 emissions through purchased energy (tCO2)	2018	2019	2020
Cement	816,984	660,573*	532,912
Concrete	232	230	190
Aggregates	773	772	269
Mortar	558	595	469
Lime and agricultural inputs	3,386	3,569	3,092
Total – Scope 2	821,934	665,974	536,934
Other indirect emissions Scope 3 (tCO ₂ e)	2018	2019	2020
Transportation of inputs and final products	585,340	583,526	249,060.69
Total – Scope 3	585,340	581,035.01*	249,060.69
Biogenic emissions (t CO₂)	57,487	61,437	30,660.95

*Revised figures GRI 102-48

Note: Scope 2 activities consider emissions related to electricity purchased by Brazilian operations and VCNA, VCEAA and VCLATAM cement operations, and also consider Uruguay concrete operations, using the location method. Scope 3 emissions consider the transportation activities of cement business and other businesses in Brazil and the emissions from Uruguay concrete activities.

REDUCTION OF GHG EMISSIONS GRI 305-5

	2018	2019	2020	Base year / denominator
Percentage of CO2 reduction, as a direct result of reduction initiatives	-18%	-22%	-25%	Base year: 1990 Unit: kg CO2/t cementitious product



ENVIRONMENTAL PERFORMANCE

OTHER AIR EMISSIONS GRI 305-7

NOx	2018	2019	2020
Number of kilns reported	34	35*	36
Absolute emissions (metric ton/year)	40,393	36,524*	38,167
Specific emissions (g/metric ton clinker)	1,701	1,617	1,600
% reduction in NOx compared to the previous year	-10.5%	-5%*	-1.0%
SOx	2018	2019	2020
Number of kilns reported	34	35*	36
Absolute emissions (ton/year)	17,014	15,612	17,878
Specific emissions (g/ton clinker)	717	691*	749
% reduction in SO ₂ compared to the previous year	34.8%	-3.6%	8.5%
PM (Dust)	2018	2019	2020
Number of kilns reported	34	35*	36
Absolute emissions (ton/year)	1,349	1,224*	1,098
Specific emissions (g/ton clinker)	57	54*	46
% reduction in PM compared to the previous year	7.0%	-4.6%	-15%
Mercury	2018	2019	2020
Number of kilns reported	34	35*	36
Absolute emissions (kg/year)	144	274*	200
Specific emissions (µg/ton clinker)	6	12	8
% reduction in mercury compared to the previous year	-68.5%	100.6%*	-30.9%

*Revised figures GRI 102-48



ENVIRONMENTAL PERFORMANCE

OTHER AIR EMISSIONS GRI 305-7

VOC	2018	2019	2020
Number of kilns reported	34	35*	36
Absolute emissions (ton/year)	1,457	1,413*	1,298
Specific emissions (g/ton clinker)	61	62	54
% reduction in VOC compared to the previous year	11.5%	1.9%*	-13%
Dioxins/Furans	2018	2019	2020
Number of kilns reported	34	35*	36
Absolute emissions (mg/year)	14,154	2,239	2,866
Specific emissions (µg/ton clinker)	0,6	0,1	0,1
% reduction in dioxins/furans compared to the previous year	21.2%	-83.4%*	21.2%
HM1 (cadmium + thallium)	2018	2019	2020
Number of kilns reported	34	35*	36
Absolute emissions (kg/year)	332	500	324
Specific emissions (mg/ton clinker)	14	22	14
% reduction in HM1 compared to the previous year	-16.9%	58%	-38.5%
HM2 (antimony + arsenic + lead + chromium + cobalt + copper + manganese + nickel + vanadium)	2018	2019	2020
Number of kilns reported	35	35*	36
Absolute emissions (kg/year)	22,308	20,079	7,993
Specific emissions (mg/ton clinker)	939	888*	335
% reduction in HM2 compared to the previous year	64.4%	-5.4%*	-62.3%
Monitoring data	2018	2019	2020
Total monitoring coverage rate (KP1) – Total coverage rate	81%	94%	85%
Continuous monitoring coverage rate (KP2) – PM, NOx and SOx	99%	100%	100%

*Revised figures GRI 102-48



ENVIRONMENTAL PERFORMANCE

WASTE MANAGEMENT AND RECYCLING¹ **GRI 306-2**

Non-hazardous waste by disposal method (tonne)	2018	2019	2020
Composting	67.46	2,778.21	3,048.6
Reuse	27,686.93	6,679.71	28,011.5
Recycling	0.00	16,689.18	14,089.4
Recovery (including energy recovery)	210.89	2,169.99	1,249.2
Incineration (mass burn)	1,684.26	552.82	1,085.6
Landfill	44,248.48	154,458.40	4,954.7
Deep well injection	0.00	2,593.36	2,050.9
On-site storage	0.00	812.41	912.9
Other (co-processing)	6,190.94	24,840.32	3,226.2
Total non-hazardous waste	80,089	211,574.40	58,629.0
Hazardous waste by disposal method (tonne)	2018	2019	2020
Composting	0.00	0.00	0.6
Reuse	185.53	276.55	110.4
Recycling	0.00	1,250.52	478.6
Recovery (including energy recovery)	214.07	326.05	23,769.4
Incineration (mass burn)	96.48	233.96	33.0
Landfill	122.04	99.12	115.4
Deep well injection	0.00	2.31	0.0
On-site storage	0.00	309.42	0.9
Other	154.06	3,709.55	21,839.53
Total hazardous waste	772.2	6,207.48	46,348.0

¹ Estimated data

ENVIRONMENTAL PERFORMANCE

NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND/OR REGULATIONS* GRI 307-1

	2019	2020
Total number of significant fines received in the year for non-compliance with environmental laws and/or regulations	0	1
Total monetary value of significant fines received in the year (in R\$)	0	1,200,000
Total number of non-monetary sanction	1	1
Number of cases (both fines and sanctions) brought through dispute resolution mechanism	0	1

**This disclosure has been reformulated to better align with the GRI criteria. Significant monetary fines: value above R\$ 1 million. Non-monetary sanctions that cause interruptions or adjustments over R\$ 5 million.*



SOCIAL PERFORMANCE

EMPLOYMENT GRI 102-8

By type of employment		2018	2019	2020
Full-time	Female	1,360	1,468	1,507
	Male	9,959	9,818	9,796
	Total	11,319	11,286	11,303
Part-time	Female	295	366	264
	Male	318	301	216
	Total	613	667	480
Total	Female	1,655	1,834	1,771
	Male	10,277	10,119	10,012
	Total	11,932	11,953	11,783
By employment contract, by gender		2018	2019	2020
Temporary (or determined)	Female	NA	18	15
	Male	NA	148	131
	Total	NA	166	147
Permanent (undetermined)	Female	NA	1,816	1,756
	Male	NA	9,971	9,880
	Total	NA	11,787	11,636
Collective Bargaining Agreements <u>GRI 102-41</u>		2018	2019	2020
Employees covered by collective bargaining agreements		9,116	9,263	9,358
Total number of employees		11,932	11,953	11,783
Percentage of employees covered		76.4%	77.5%	79.4%



SOCIAL PERFORMANCE

TURNOVER GRI 401-1

Total number and rate of employee turnover by gender	2018		2019		2020	
	Number	Rate	Number	Rate	Number	Rate
Female	458	3.84%	500	4.18%	485	4%
Male	1,796	15.05%	1,965	16.44%	1,589	13%

By age group	2018		2019		2020	
	Number	Rate	Number	Rate	Number	Rate
Under 30 years old	828	6.94%	908	7.60%	800	7%
30-50 years old	1,040	8.72%	1,224	10.24%	984	8%
Over 50 years old	386	3.23%	333	2.79%	290	2%

By region	2018		2019		2020	
	Number	Rate	Number	Rate	Number	Rate
VCBR	1,597	21.59%	1,742	22.52%	1,530	20%
VCEAA	295	15.83%	268	19.09%	147	11%
VCNA	362	15.99%	412	17.02%	367	15%
VCLATAM	36	8.85%	43	10.91%	30	8%
Total rate of turnover		19%		21%		17%

*Revised figures GRI 102-48



SOCIAL PERFORMANCE

TURNOVER GRI 401-1

	2018	2019	2020
Total number and rate of new employee hires during the reporting period, by gender			
Women	527	646	400
Men	1,727	1,855	1,389
Women (%)	4.42%	5.40%	3%
Men (%)	14.47%	15.52%	12%
Total number and rate of new employee hires during the reporting period, by age group			
Under 30 years old	1,172	1,168	821
30-50 years old	976	1,182	937
Over 50 years old	106	151	124
Under 30 years old (%)	9.82%	9.77%	7%
30-50 years old (%)	8.18%	9.89%	8%
Over 50 years old (%)	0.89%	1.26%	1%
Total number of new employee hires during the reporting period, by region			
VCBR	1,688	1,975	1,431
VCEAA	184	87	81
VCNA	350	407	365
VCLATAM	32	32	0



SOCIAL PERFORMANCE

OCCUPATIONAL HEALTH AND SAFETY GRI 403-9

Work-related injuries – Company employees	2018	2019	2020
Fatalities	0	0	1
Rate of Fatalities	0	0	0.87
Number of High-consequence accidents (excluding fatalities) ¹	-	4.00	0
Rate of High-consequence accidents (excluding fatalities) ¹	-	0.17*	0
Number of injuries	33*	42	25
Rate of lost-time injuries	1.41	1.83	1.11
Severity rate	102.39	232.16	67.71
Number of hours worked	23,440,618	22,915,653	22,478,029

Work-related injuries – Other employees	2018	2019	2020
Number of fatalities	4	1	1
Rate of fatalities	0.57	0.05	0
Number of High-consequence accidents (excluding fatalities) ¹	-	1	1
Rate of High-consequence accidents (excluding fatalities) ¹	-	0.05	0.06
Number of injuries ²	17	13	20
Rate of lost-time injuries ²	0.76	0.60	1.17
Severity rate	235.43*	19.88	36.66
Number of hours worked	22,350,341	21,625,476	17,102,639

¹The number and rate of high-consequence accidents include amputations or six-month leave of absence and exclude deaths.

²The number and rate of accidents consider only lost-time incidents.

Note: rates were calculated based on 1,000,000 hours worked.

Among employees, the main work-related injuries involve the ankles, feet, hands and fingers, and include sprains and fractures. The greatest risks for high-consequence injuries are dangerous energies, moving and rotating parts, high temperatures, possibility of hot flour leakage, movement of machines and equipment, lifting of loads and activities at height and in confined spaces. These risks are determined after a systematic study of the processes and assessment of the hazards and risks involved.

Note 2: Figures do not include Uruguay operations, except for number of fatalities.

*Revised figures GRI 102-48



SOCIAL PERFORMANCE

TRAINING GRI 404-1

Average hours of training per employee per year	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
President/Director	1	8	10*	11	1	8
Manager/General Manager	28	36	5	51	22	27
Coordinator/Consultant	31	35	14	47	24	33
Technician/Analyst/Supervisor	16	24	7	52	24	31
Trainee	0	0	0	11	7	24
Operator	12	18	27	39	11	13
Average hours of training (female + male)	19*		18		18	

*Revised figures GRI 102-48

SOCIAL PERFORMANCE

DIVERSITY GRI 405-1

By age group	2018			2019			2020		
	Under 30 years old	30-50 years old	Over 50 years old	Under 30 years old	30-50 years old	Over 50 years old	Under 30 years old	30-50 years old	Over 50 years old
President/Director	0.00%	52.50%	47.50%	0.00%	48.65%	51.35%	0,0%	38,9%	61,1%
Manager/General Manager	1.71%	73.63%	24.66%	2.13%	75.47%	22.40%	1,0%	72,2%	26,7%
Coordinator/Consultant	10.62%	70.09%	19.29%	10.11%	74.00%	15.89%	5,8%	75,7%	18,5%
Technician/Analyst/Supervisor	18.08%	67.32%	14.60%	17.77%	67.18%	15.05%	15,6%	67,8%	16,6%
Trainee	0%	0%	0%	40.38%	48.08%	11.54%	94,1%	5,9%	0,0%
Operator	20.92%	58.15%	20.92%	19.05%	60.14%	20.82%	17,1%	59,9%	23,0%
Intern	27.91%	48.47%	23.62%	97.88%	2.12%	0.00%	95,8%	4,2%	0,0%
Apprentice	100%	0.00%	0.00%	100%	0.00%	0.00%	100,0%	0,0%	0,0%
Total employees	21.75%	58.60%	19.78%	22.15%	59.71%	18.14%	18,9%	60,7%	20,5%
Members of governance body	0.0%	46.6%	53.4%	0%*	38.1%*	61.9%*	0%	38.1%	61.9%

*Revised figures GRI 102-48



SOCIAL PERFORMANCE

DIVERSITY GRI 405-1

By gender	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
President/Director	7.50%	92.50%	10.81%	89.19%	8.3%	91.7%
Manager/General Manager	15.00%	85.00%	16.80%	83.20%	18.8%	81.2%
Coordinator/Consultant	26.83%	73.17%	27.93%	72.07%	19.3%	70.7%
Technician/Analyst/Supervisor	21.69%	78.31%	22.98%	77.02%	22.8%	77.2%
Trainee	100.00%	0.00%	57.14%	42.86%	64.7%	35.3%
Operator	7.21%	92.79%	7.69%	92.31%	7.9%	92.1%
Intern	52.12%	47.88%	57.88%	42.12%	57.4%	42.6%
Apprentice	41.83%	58.17%	48.71%	51.29%	50.8%	49.2%
Total employees	13.86%	86.14%	15.34%	84.66%	15%	85%
Members of governance body	10.96%	89.04%	8.77%	91.23%	9.5%	90.5%

People with disability	2018	2019	2020
President/Director	0.01%	0.00%	0.00%
Manager/General Manager	0.03%	1.70%	1.03%
Coordinator/Consultant	0.03%	0.96%	0.80%
Technician/Analyst/Supervisor	0.34%	1.67%	1.48%
Trainee	0.00%	0.00%	0.00%
Operator	1.01%	2.79%	2.56%
Intern	0.00%	0.24%	0.00%
Apprentice	0.00%	0.43%	0.00%
Total employees	1.42%	1.94%	2.04%
Members of governance body	0%	2.23%	0.00%



SOCIAL PERFORMANCE

SOCIAL TRANSFORMATION GRI 413-1

	2018	2019	2020
Distribution of Social Investment (%)			
Number of operations with implemented local community engagement, impact assessments, and/or development pro-grams ¹	64	124	108
Total number of operations	264	305	323
Percentage of operations with implement-ed local community engagement, impact assessments, and/or development pro-grams	24%	41%	33.44%
Global social investment (R\$ thousand)¹			
VCBR		14,513.3	7,975.1
VCEAA		1,706	810.4
VCNA		1,379.5	2,151.3
VCLATAM		831	786.6
Total		18,430.5	11,705.3

¹ Considers initiatives that promote Community engagement, mobilization of civil Society, strengthening of institutions, groups and leaders, sponsorships, donations, etc.

Independent Assurance Statement

Bureau Veritas



INTRODUCTION

Bureau Veritas Certification Brazil (Bureau Veritas) was engaged by Votorantim Cimentos to conduct an independent assurance of its 2020 Integrated Report (hereinafter referred to as the Report).

This assessment was conducted by a multidisciplinary team with expertise in non-financial data.

SCOPE OF WORK

The scope of this verification encompassed the Standards and Principles¹ of the Global Reporting InitiativeTM for Sustainability Reports, including GRI's Mining and Metals Sector Disclosures (2013), and covered the period between January 1 and December 31, 2020.

Additionally, the scope of verification included three GCCA (Global Cement and Concrete Association) Guidelines: (1) Reporting and Monitoring of Emissions in Cement Manufacturing (October 2019); (2) Reporting and Monitoring of Safety in Cement Manufacturing (February 2020); (3) Reporting and Monitoring of CO₂ emissions in Cement Manufacturing (October 2019).

With regard to geography, we state that we verified Votorantim Cimentos data and information on a global level.

RESPONSIBILITIES OF VOTORANTIM CIMENTOS AND BUREAU VERITAS

The collection, calculation and presentation of the data published in the Report are the sole responsibility of Votorantim Cimentos' management. Bureau Veritas is responsible for providing Stakeholders with an independent opinion, in accordance with the scope of work defined in this statement.

METHODOLOGY

The verification included the following activities:

1. Interviews with the parties responsible for material topics and the content of the Report;
2. Analysis of documentary evidence provided by Votorantim Cimentos for the period covered by the Report (2020);
3. Verification of performance data in relation to the principles that ensure the quality of the information, in accordance with the GRI standards and the sector disclosures;
4. Verification of performance data against the criteria established in the GCCA Guidelines described in the scope of work;

5. Evaluation of the systems used to compile data;
6. Remote assessments of the following units: Global Corporate Center (São Paulo, Brazil), and Laranjeiras (Brazil), Cuiabá (Brazil), Bowmanville (Canada) and Toral de los Vados (Spain) operational units.
7. Documentary analysis of stakeholder engagement activities conducted by Votorantim Cimentos.

¹Materiality, Stakeholder Inclusiveness, Sustainability Context, Completeness, Balance, Comparability, Accuracy, Timeliness, Clarity and Reliability



The verification level adopted was *Hybrid (Limited* and Reasonable*)*, according to the requirements of the ISAE 30002 standard, which were incorporated into the internal verification protocols of Bureau Veritas.

In addition to this scope of verification, Votorantim Cimentos Brazil's Greenhouse Gas (GHG) inventory was the subject of an exclusive verification, carried out through a specific protocol from Bureau Veritas.

LIMITATIONS AND EXCLUSIONS

This assessment excluded any information referring to:

- Activities outside the determined reporting period;
- Position statements (expressions of opinions, beliefs, objectives or future intentions) by Votorantim Cimentos;
- Economic and financial data included in this Report and taken from financial statements verified by independent auditors;
- Data and information regarding operations and activities that are not part of the scope of the Report.

OPINION ON THE REPORT AND THE VERIFICATION PROCESS

- Votorantim Cimentos prepared the Report in accordance with the GRI Standards and Principles, and also with the Mining & Metals Sector Disclosures;
- Data regarding the emissions from its industrial processes is in accordance with criteria from the GCCA's Guidelines for the Reporting and Monitoring of Emissions from Cement Manufacturing. We assessed the completeness and reliability of emissions data according to the Reasonable scope (ISAE 300 based);
- The safety indicators follow the criteria from the GCCA Guidelines for Safety in Cement Manufacturing. We assessed the completeness and reliability of safety data according to the Reasonable scope (ISAE 3000 based);
- The CO2 emissions indicators are in accordance with criteria from the GCCA Guidelines for the Reporting and Monitoring of CO2 Emissions from Cement Manufacturing (Limited scope);
- The data presented to meet the GHG emissions indicators are part of Votorantim Cimentos' GHG Emissions Inventory. This inventory was verified by Bureau Veritas through an independent assurance process. We found that the presentation of data regarding the inventory followed the methodology of the GRI standards;
- Regarding the supplier qualification process in Brazil (GRI standards 308-1 and 414-1), we verified the creation of a new Supplier Registration Dashboard,

a tool that improved this process, making it more efficient and safer;

- Regarding the MM² indicator (Biodiversity management plans), we found that the company made progress with regard to the implementation of its biodiversity policy in units abroad;
- With regard to the management of Mine Closure Plans (MM10 indicator), we noted that there is an opportunity to optimize the management method by associating the updating of the Plans (including their scope) with the Economic Utilization Plans (a legal requirement in Brazil) of the mines;
- Votorantim Cimentos published information on the indicators associated with the material aspects of the GRI standards and the sector disclosure. We understand that there is still space for the publication of various data associated with relevant indicators related to the company's materiality matrix. We emphasize, in this context, the importance of implementing standards for the collection and presentation of data that is common to all geographic regions where the company operates, since part of the indicators verified by our team is limited to the geographical scope of Brazil (VCBR);

* Limited verification level: All indicators, except those described below.

* Reasonable verification level: GRI 305-1 standards (direct GHG emissions – scope 1); GRI 403-2 (Hazard identification, risk assessment and incident investigation, 2016 version); GRI 305-7 (NOx, SOx and other significant air emissions).

² International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information.



- We found that the company is improving its systems to monitor recovered and/or restored areas within its operational units, which are currently limited to the geographic scope of Brazil (VCBR); in the future, the company may be able to complete the data related to the GRI-304-3 indicator, which addresses protected and restored habitats;
- Votorantim Cimentos created a portal (SIM) to manage data and information collected for the Report, improving the reliability of the process. We understand that there is room for improvement through more effective standardization and systematization on the collection of primary data, including the use of calculation memories, where relevant. Especially with regard to units abroad, we had some difficulty in tracing data to its origin.

RECOMMENDATIONS

- Prioritize efforts to obtain consolidated data on recovered and/or restored areas within the company's operating units (recommendation from the previous cycle);
- With regard to the process of collecting data from units abroad, improve the systematization of the collection process, defining calculation memories and data traceability to obtain a minimum reliability base of the information received (recommendation from the previous cycle);
- Implement a mechanism for associating the Economic Utilization Plans for mines with the Mine Closure Plans (MM10 indicator), aligning the requirements applicable to both.

CONCLUSION

Based on the verification performed, on the evidence presented to us and according to the scope of work defined in this statement, nothing has come to our attention that could indicate that:

- The information provided in the Report is not balanced, consistent and reliable;
- Votorantim Cimentos has not established appropriate systems for the collection, compilation and analysis of quantitative and qualitative data used in the Report;
- The Report does not adhere to the Core option and does not comply with the Principles for defining content and ensuring the quality of the GRI Standards and Mining & Metals Sector Disclosures.

DECLARATION OF INDEPENDENCE AND IMPARTIALITY

Bureau Veritas is an independent professional services company specializing in Quality, Health, Safety, Social and Environmental management, with more than 185 years of experience in independent assessment services.

Bureau Veritas has a quality management system that is certified by a third party, according to which it maintains documented policies and procedures to ensure compliance with ethical, professional and legal requirements.

The verification team has no connection with Votorantim Cimentos, and its work is conducted independently.

Bureau Veritas created a Code of Ethics that is followed in all of its business activities to ensure that its employees maintain the highest standards of ethics, integrity, objectivity, confidentiality and professional competence/behavior in their daily activities.

At the end of the Verification process, a Detailed Report was produced; the document is kept as a record in our Management System.

CONTACT

www.bureauveritascertification.com.br/faleconosco.asp
phone: +55 (11) 2655-9000.

São Paulo, April 2021.

Alexander Vervuurt

Leader Auditor, Assurance Sustainability Reports (ASR)
Bureau Veritas Certification – Brazil



CORPORATE INFORMATION

Headquarters [GRI 102-3](#)

Rua Gomes de Carvalho, 1996
São Paulo – SP – Brasil
+ 55 11 4572-4000

www.vcimentos.com.br

CREDITS

Votorantim Cimentos

Álvaro Lorenz
Christopher Mason
Fabio Cirilo
Geraldo Magella
Isadora Miyuki Kano Carmo
Kelly Cristina Bassi Theodosio
Livia Ballot de Miranda Maia
Maria Jose Martin Aradilla
Melissa Domenich Bianchi

Consulting

Report Sustentabilidade
Content: Rejane Lima and Sarah Fernandes
Project management: Ricardo Duarte
Graphic design: Sérgio Almeida

English translation:

Claudia Gustavsen

Images

Votorantim Cimentos image bank
Acquired images

Board of Directors

Fabio Ermírio de Moraes
Francisco de Sá Neto (Independent director)
João Carvalho de Miranda
Johann Markus Akermann (Independent director)
José Roberto Ermírio de Moraes
Luiz Antonio dos Santos Pretti (Chairman - Independent director)

We are grateful for the support and dedication of the corporate and industrial areas of Votorantim Cimentos and, especially, to the Bowmanville, Cuiabá, Laranjeiras and Toral de los Vados cement plants, which were part of the assurance process and the collection and verification of the information that is included in this document.

Questions about this document or about Votorantim Cimentos, as well as comments and suggestions that may help us improve our reporting process, can be directed to ri@vcimentos.com.br [GRI 102-53](#)

Executive Leadership

Adjarbas Guerra Neto – Global Director of Governance, Risks, Compliance and Audit
Álvaro Lorenz – Global Director of Sustainability, Institutional Relations, Product Development and Engineering
Cristiano Carvalho Brasil – Global Director of People, Management and Communications
Filiberto Ruiz – CEO, VCNA
Günther Smetana - CEO, VCLATAM
Jorge Wagner – CEO, VCEAA
Marcelo Strufaldi Castelli – Global CEO
Mariangela Daniele Maruishi Bartz – Global Legal Director
Oswaldo Ayres Filho – Chief Financial and Investor Relations Officer