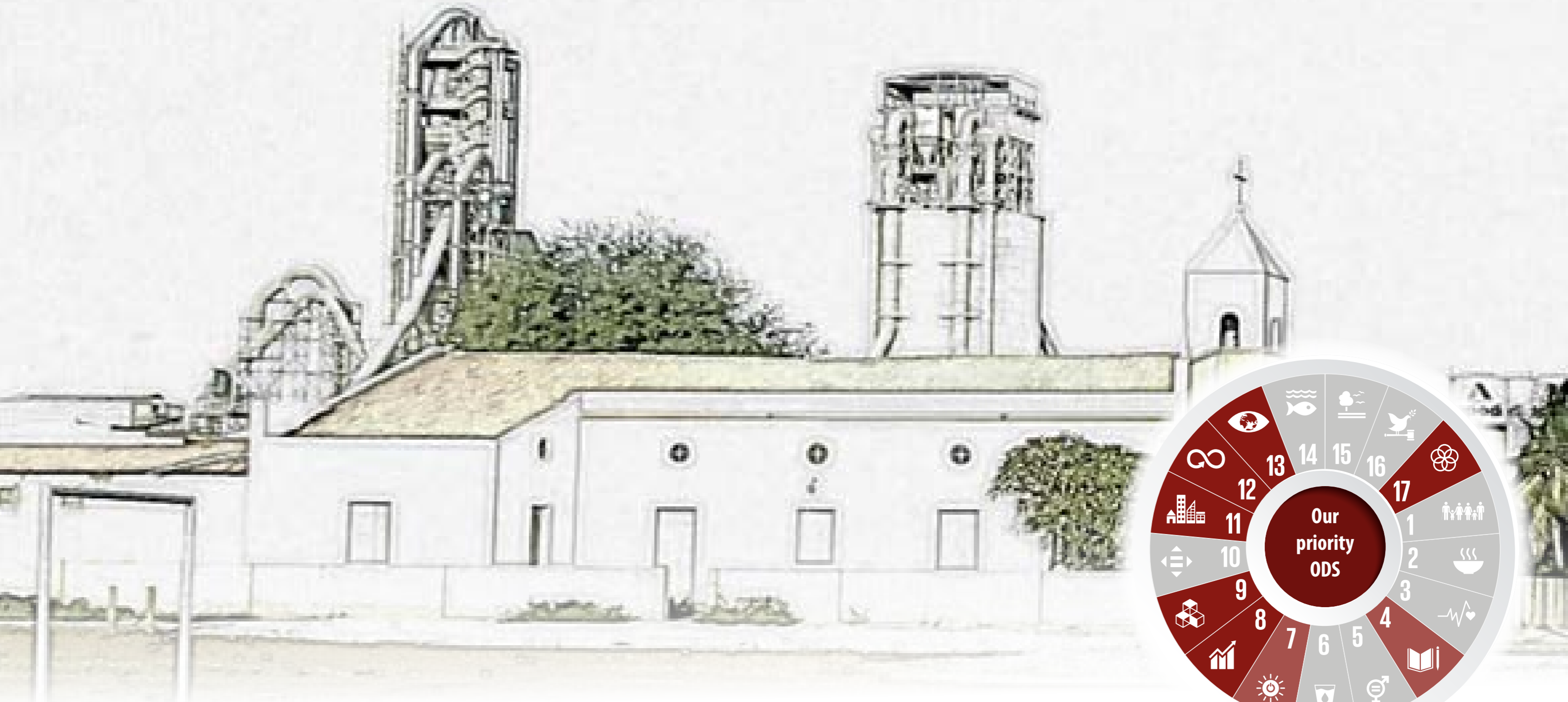


OUR MATERIAL ISSUES



The 17 United Nations (UN) Sustainable Development Goals (SDGs) set out a sustainability agenda for governments, NGOs and companies. At Cimento Apodi, we have adopted eight priority SDGs on which we believe we have the greatest impact, both positive and negative. The wheel on the right shows the SDGs we will work toward to minimize negative and maximize positive impacts.

**Cimento Apodi
shaping the future**

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1

Message from our CEO



In this report we describe the consolidated results from our materiality exercise in 2019—an important step in our efforts to evolve our management approach as we work to build a better world and encourage our stakeholders in this direction.

We would like to warmly thank the employees and partners who helped to complete the survey and analysis. Many hands have made the exercise a success and your collaboration has been invaluable.

Our goal in the materiality process was to identify the material issues that are most relevant and the Sustainable Development Goals (SDGs) that are a priority for the Company and our stakeholders. Our overarching focus is on creating value for the business and society.

We have prioritized SDGs based on our business model, value creation opportunities and risks, and the issues that are most relevant to the communities where we operate. Our prioritized SDGs are: Quality Education (4); Affordable and Clean Energy (7); Decent Work and Economic Growth (8); Industry, Innovation and Infrastructure (9); Sustainable Cities and Communities (11); Responsible Consumption and Production (12); Climate Action (13); Partnerships for the Goals (17).

In Chapter 3 – *How we create value for the business and society*, we describe the context and relevance of each of the prioritized issues, and how we work to maximize value creation for the business and society.

In Chapter 7 – Sustainable Development Goals (SDGs), we correlate our material issues with the SDGs.

We are a relatively young company with only a decade behind us, but sustainability issues have been embedded in our business since inception. We want to be perceived by our customers and employees as an organization that is working to become a regional role model. We recently measured our progress toward this goal in a survey of 110 stakeholders about their perceptions of our sustainability performance. We believe we are on the right path.

The results from the survey show that we are highly engaged around what really matters for the business, in terms of economic, social, environmental and corporate governance performance, in all our spheres of influence toward building a better world.

We invite you to join us on this journey of transformation.

I hope you find this report informative.

Sincerely,

Emmanouil Mitsou
CEO, Cimento Apodi



2

About Cimento Apodi

Who We Are

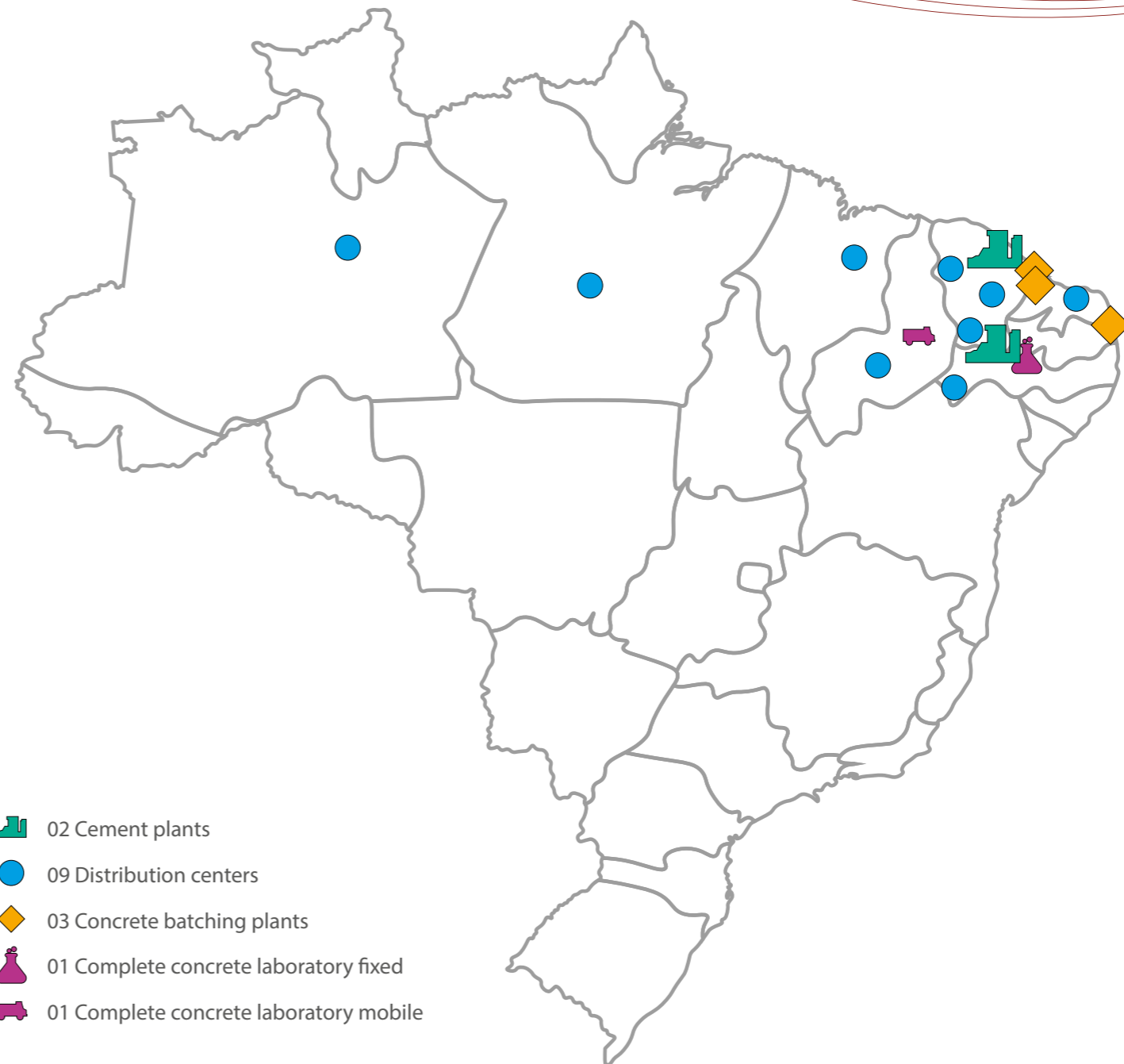
Cimento Apodi is a joint venture of two industry giants - M.Dias Branco and Titan - with a mission of doing business within a self-sufficient model that creates a positive legacy for future generations.

We have produced more than
8 million
metric tons of cement to date

We are present in
13 states

We employ approximately
700
direct and indirect employees

Our products are sold to more than
3,500 customers



We have strong shareholders with a commitment to quality.



The Dias Branco Family. The founders of M. Dias Branco, the Brazilian market leader and one of the world's top 10 producers of biscuits, cookies and pasta. The family also has other investments in the food and beverage, construction and hospitality industries.



Titan Group. A cement and building materials company with 118 years of industrial experience and history. Based in Greece, the group is present in more than 15 countries in Europe, Africa, North America and South America. The company currently employs 5400 people worldwide.



The origin of our trade name

Our trade name is a tribute to the Apodi Plateau in northeastern Brazil.



**In the Tupi language, Apodi means
STRENGTH!**





stentávei

Apodi a na

omo enta

m a

o nto

f 5.



3

How we create value for the business and society

Business model - Laying the foundations for human development

Our Vision: **Inspire people to build a better world.**

Our Mission: **Deliver the best experience in our industry, with innovation and sustainability.**

Our Values: **Safety, People, Excellence, Respect, Customers, Sustainability and Innovation.**

Capitals

Financial

- R\$ 738,500 million in fixed assets.
- R\$ 30,967 million in working capital.
- Strong international shareholders.

Manufactured

- 02 cement plants, 09 distribution centers and 03 concrete batching plants.
- 01 limestone quarry with 04 pits.
- 02 complete concrete laboratories, one fixed and one mobile.
- Special cement production.

Intellectual

- 15% + productivity improvement from deploying artificial intelligence at the grinding plant.
- TITAN and APODI engineering staff - Innovation and industry 4.0
- Collaborations with local universities: biomass energy.

Human

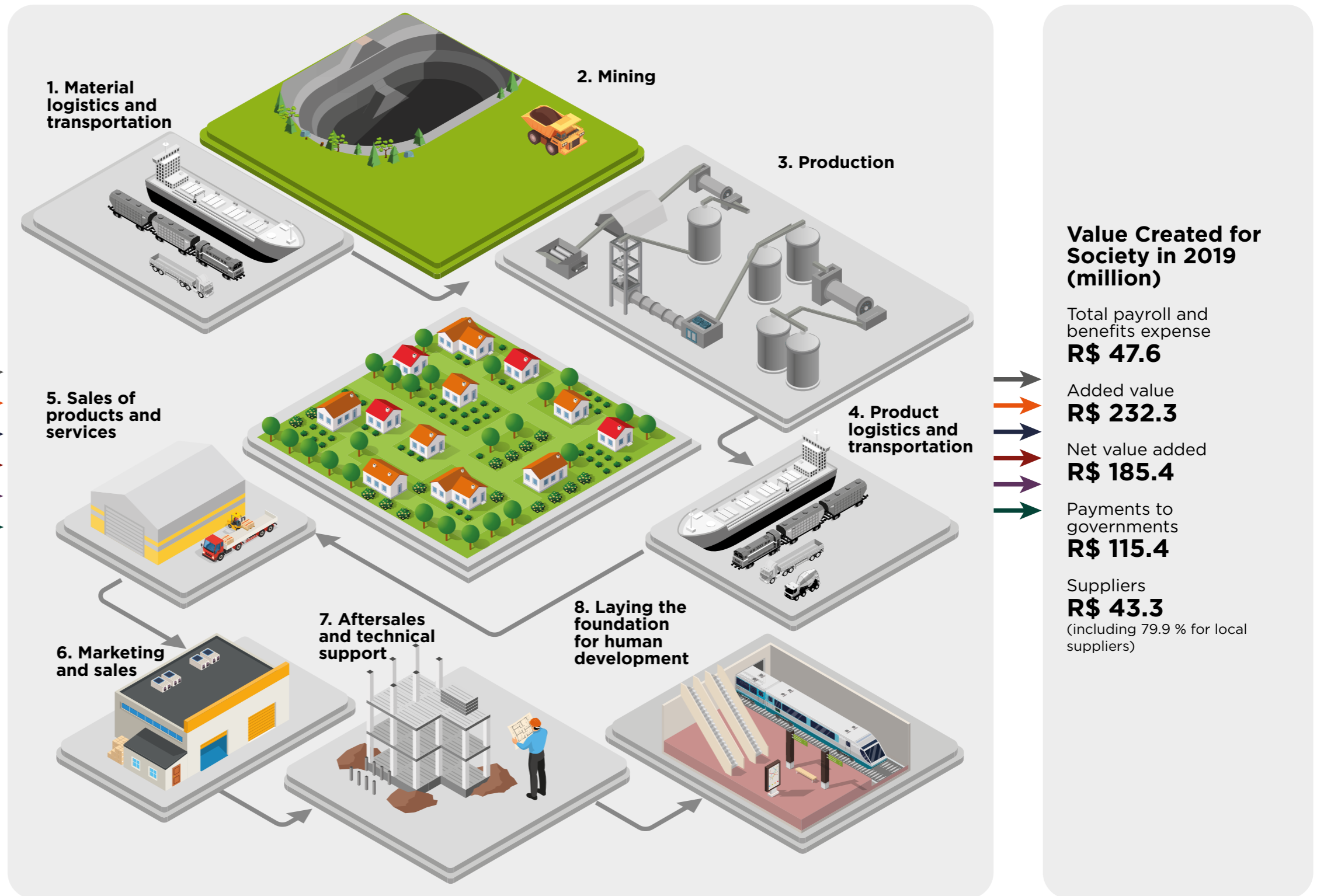
- 95.1% of employees hired from local communities
- 20.3% of management positions held by women.
- More than 700 direct and indirect employees.

Social and Relationship

- 3,606 customers.
- 7 social programs in surrounding communities.
- 2,400 active suppliers.
- Leadership on the Vale do Jaguaribe Sustainability Committee.
- Support for the Ceará 2050 Platform.
- Membership and partnership with organizations such as: AECIPP, SNIC, ABCP, ABESC.

Natural

- 25% of energy requirement from clean and renewable sources. We are the only cement company in Latin America to use innovative waste heat recovery technology.
- 474,284 m3 of water withdrawal.
- 1.3 million metric tons of limestone and clay.
- 20,300 t of alternative fuels.
- 233,031 metric tons of alternative raw materials from other industries.



Value Created for Society in 2019 (million)

Total payroll and benefits expense
R\$ 47.6

Added value
R\$ 232.3

Net value added
R\$ 185.4

Payments to governments
R\$ 115.4

Suppliers
R\$ 43.3
(including 79.9 % for local suppliers)

Strategy

Sustainable profitability

Operational excellence

Customer centricity

People

Innovation and digital

Sustainability

Business Risks

Strategic

Operational

Compliance

Financial

Value proposition

A CULTURE GENUINELY FOCUSED ON CUSTOMER SATISFACTION

- ◆ Service levels suited to customer needs.
- ◆ Flexible and intimate customer service.
- ◆ A portfolio of differentiated products and services and technical consulting support.
- ◆ Versatility.
- ◆ A total of 9,000 construction workers to be trained by 2021.
- ◆ Product certification.

PRODUCTS AND SERVICES RECOGNIZED FOR QUALITY

- ◆ Differentiated, high-performance products.
- ◆ Highly efficient clinker and cement operations.
- ◆ High quality brands certified to ABNT and ABCP standards.
- ◆ Special products for major construction projects.

A HIGHLY TRAINED TEAM THAT IS ENGAGED AROUND AND PREPARED FOR THE CHALLENGES OF TECHNOLOGICAL DISRUPTION IN THE CONSTRUCTION INDUSTRY

- ◆ A harmonious organizational climate.
- ◆ Continuous training and development.
- ◆ Committed leaders.
- ◆ A commitment to the health and safety of direct and third-party employees.
- ◆ Personal development policies and efforts to identify and retain talent.

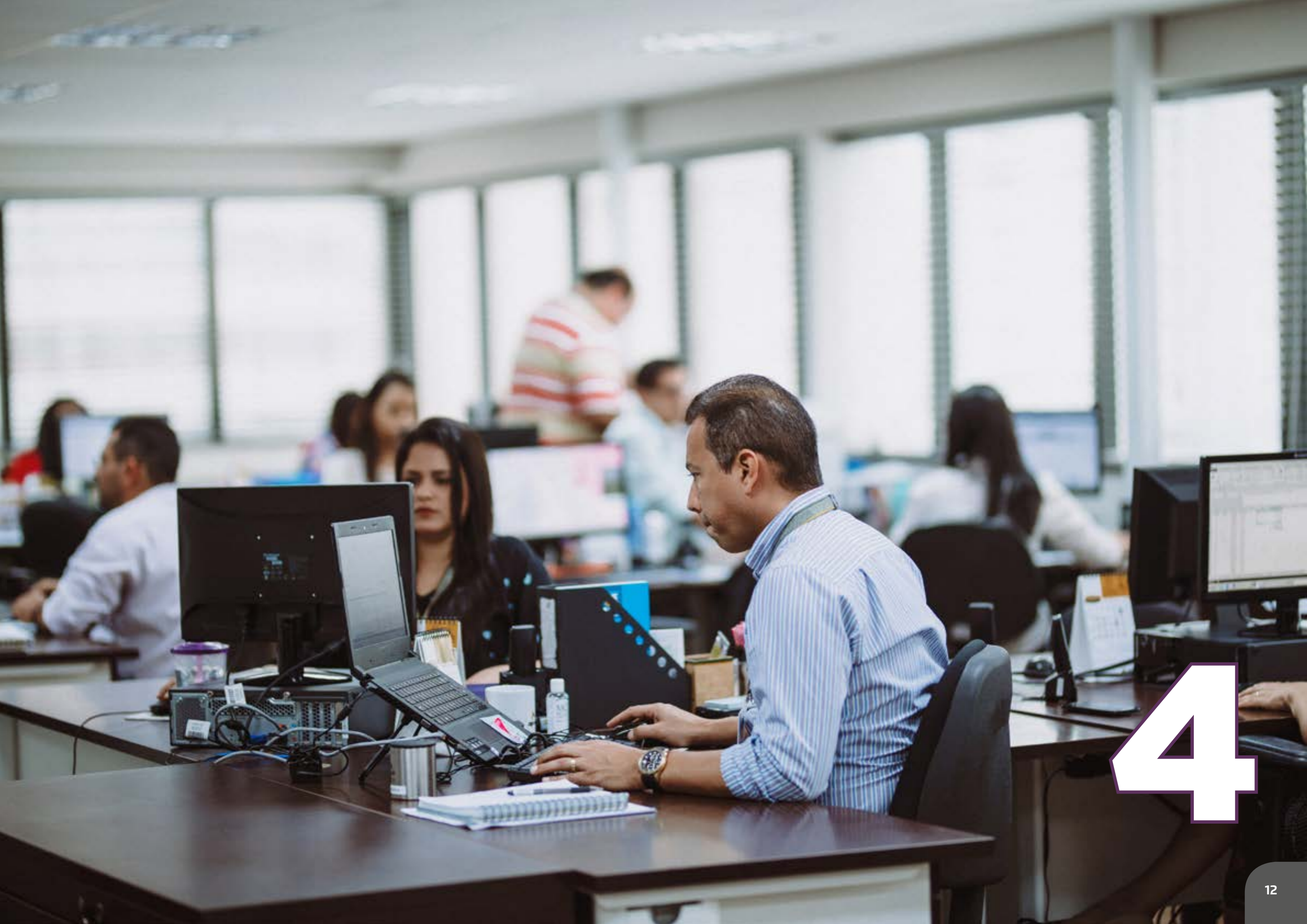
STRONG BRANDS, STRONG SHAREHOLDERS

- ◆ A strengthened regional identity.
- ◆ A history steeped in tradition.
- ◆ High creditworthiness supported by high standards of corporate governance.
- ◆ Financial strength.
- ◆ A strong reputation.

INNOVATION AS A VALUE LEVER AND SUSTAINABILITY AS A CROSSCUTTING THEME IN MANAGING OUR OPERATIONS AND THE BUSINESS

- ◆ A regional leader for sustainability and technology.
- ◆ Sustainability across all activities and business processes.
- ◆ An innovation-supportive organizational culture.
- ◆ Sound risk management, with a healthy appetite for risk in all areas of the Organization.
- ◆ Collaboration with universities in innovation programs.
- ◆ Investments in innovation, quality and projects focused on sustainability.
- ◆ Energy self-sufficiency achieved through waste heat recovery technology and wind and solar power projects.
- ◆ Co-processing of waste/byproducts.
- ◆ Suppliers aligned with our business and beliefs.





4

Materiality assessment

Our materiality assessment is a crucial step in strategy-building as it aligns our practices with stakeholder expectations to ensure we achieve sustainability and deliver shared value from both the Company's and society's perspective.

This is our first materiality assessment to build a materiality matrix. The exercise began in the first half of 2019, with significant leadership involvement in two workshops to develop a shortlist of material issues. This step was conducted by our leadership team with support from the CEO. In September 2019, with support from Combustech—a firm specializing in engineering and sustainability—we conducted a review of the shortlisted material issues. The review included internal and external analyses comprising the following steps.

1. Identification of material issues

We identified material issues and megatrends in our industry based on an analysis of approximately 10 national and international documents:

Internal

- ◆ Shortlist of material issues from the perspective of our leadership team.
- ◆ Stakeholder map.
- ◆ Media clipping.
- ◆ Strategic Risk Map.
- ◆ Company strategy.
- ◆ Other internal documents, including policies and procedures.

External

- ◆ Publications about megatrends from: The International Energy Agency, the World Economic Forum, the Brazilian Cement Technology Roadmaps to 2030 and 2050 (a report developed by the Brazilian Portland Cement Association and the National Cement Industry Union, with support from the International Energy Agency) and other industry documents.
- ◆ Industry benchmarking.

2. Stakeholder identification and prioritization

A complete list of stakeholders was developed through internal meetings and interviews with different stakeholders. The stakeholder list was then prioritized by Senior Management using the framework outlined in AA 1000 SES.

3. Engagement

3.1 Interviews

To gain insight into stakeholder perceptions of material ESG (Environmental, Social and Governance) issues, we held structured in-person or telephone interviews with external and internal stakeholders, and conducted an online survey of employees and customers.

More than 100 stakeholders provided inputs, including: customers, employees, shareholders, lenders, suppliers, communities, regulators, governments, universities and research institutions, trade associations, the media/press, trade unions, think tanks and non-government organizations.

The interviews focused on each stakeholder's subject-matter insight into current issues that are a high priority for the Company and/or sustainability issues that are material to stakeholders. The majority of interviews were with representatives from stakeholder groups and members of Senior Management, including the chairman of the Board of Directors, the CEO, vice presidents, directors and other leadership.

3.2. Supplementary reviews

We also conducted a supplementary internal review (media, business risks and Company strategy) to assess our long-term objectives and goals, risks and opportunities.

4. Prioritization of material issues

Issues were prioritized based on a statistical assessment of the results from previous steps.

We defined three levels of importance: priority, high relevance and medium relevance.

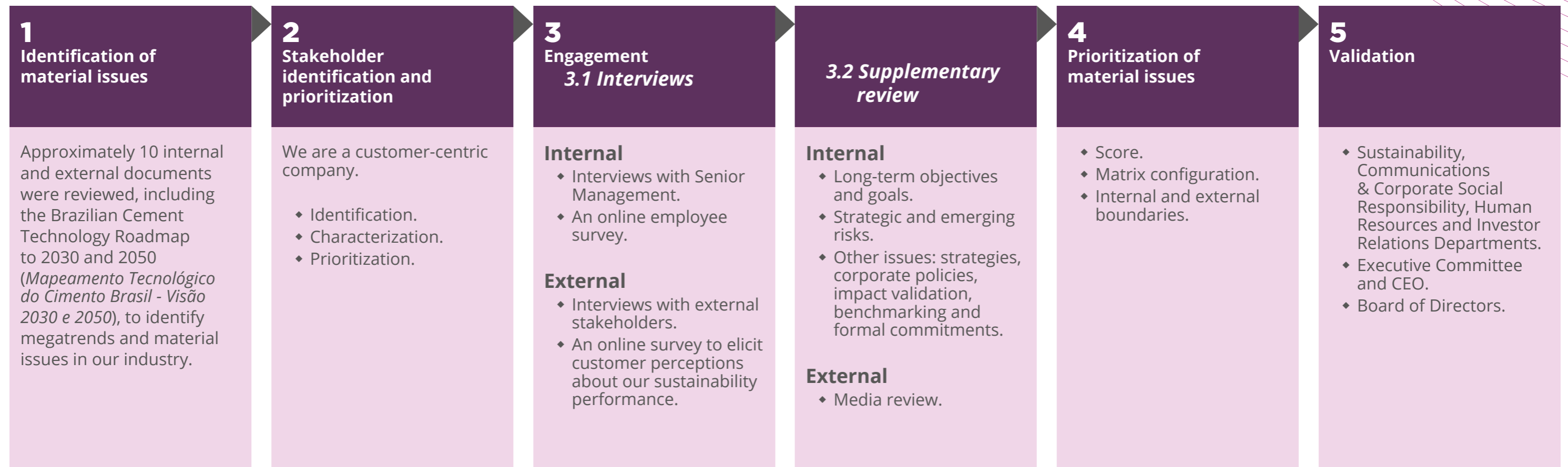
5. Validation

The last step in the process involved validation of the materiality matrix by the leadership team, as well as defining the internal and external boundaries for each material issue.

Overall, we analyzed more than 40 issues, including factors with a significant organizational impact and megatrends affecting the Organization. These issues were organized into 14 priority issues and 8 high relevance issues, which are listed further in this document.

Materiality process sequence

More than 100 stakeholders provided input into the materiality exercise, including internal and external stakeholders.



1. Identification of material issues

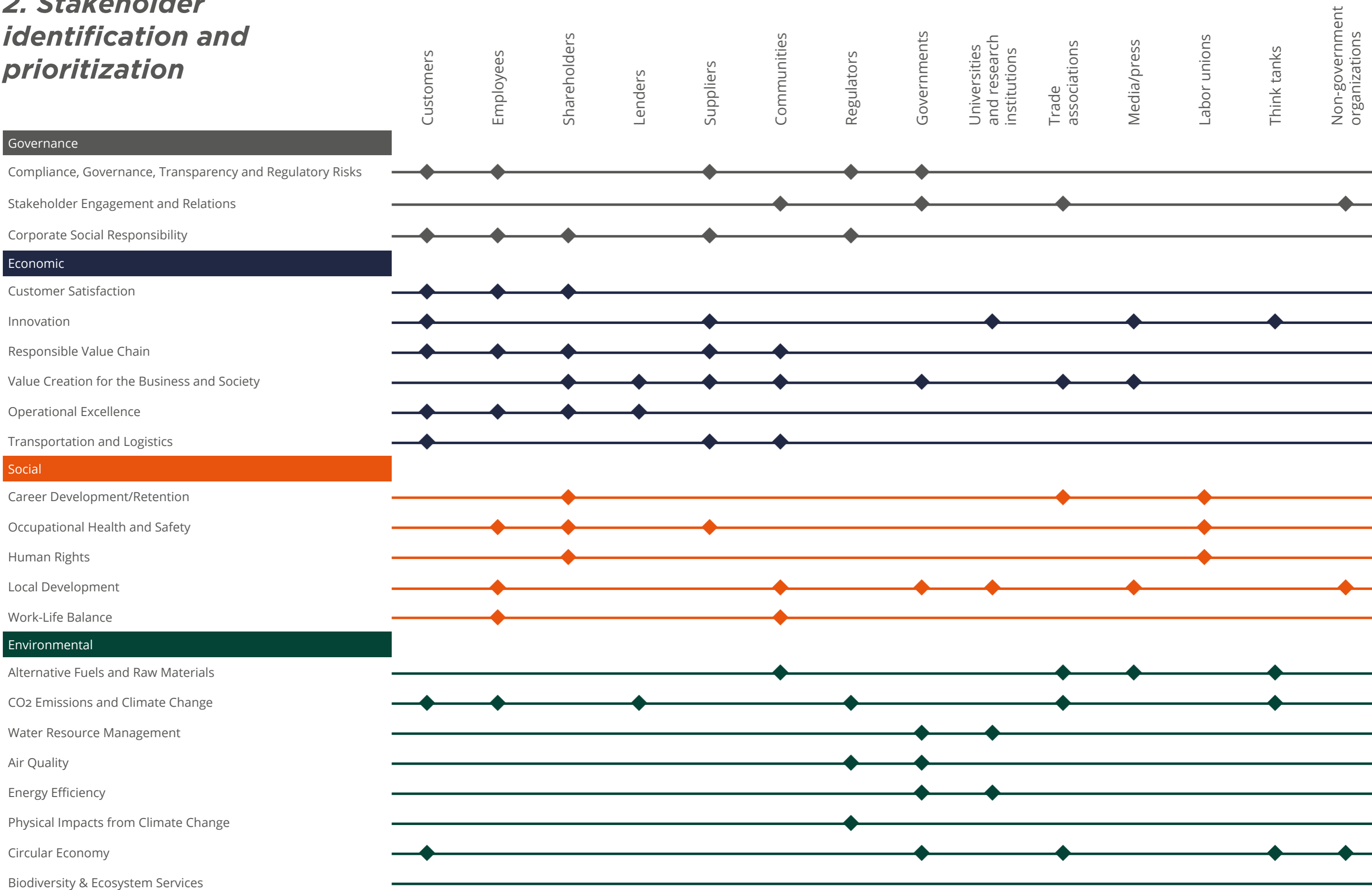
	Capitals	Strategy						Business Risks				Environmental, Social, Governance and Economic (EnSGEc) impacts on the value chain						
		Sustainable profitability	Operational excellence	Customer centricity	People	Innovation and digital transformation	Sustainability	Strategic	Operational	Compliance	Financial	Suppliers	Cimento Apodi	Customers	Society			
Governance																		
Compliance, Governance, Transparency and Regulatory Risks	5				◆		◆			◆					G	G	G	G
Stakeholder Engagement and Relations	5			◆	◆		◆	◆							EnS	EnS	EnS	EnS
Corporate Social Responsibility	5	◆		◆	◆		◆	◆		◆					EnSGEc	EnS	EnS	EnS
Economic																		
Customer Satisfaction	5			◆			◆										Ec	
Innovation	3					◆		◆			◆				EnSEc	EnSEc	EnEc	SEc
Responsible Value Chain	1	◆	◆				◆	◆		◆	◆				EnSGEc			SEc
Value Creation for the Business and Society	1	◆					◆	◆		◆	◆				EnSGEc	EnSGEc	EnSGEc	EnSGEc
Operational Excellence	2		◆					◆							EnEc	EnEc	EnEc	
Transportation and Logistics	2			◆				◆			◆				EnSEc		EnSEc	
Social																		
Career Development/Retention	4				◆		◆	◆	◆								SEc	SEc
Occupational Health and Safety	4				◆		◆	◆	◆						EnSEc	EnSEc		
Human Rights	4				◆		◆	◆	◆						EnS			EnS
Local Development	5				◆		◆	◆	◆									EnSEc
Work-Life Balance	4				◆		◆	◆	◆							S		S
Environmental																		
Alternative Fuels and Raw Materials	6		◆				◆		◆						S EnGEc	S EnGEc		EnSEc
CO2 Emissions and Climate Change	6		◆				◆	◆			◆				EnEc			EnEc
Water Resource Management	6		◆				◆	◆								En S	En S	EnS
Air Quality	6		◆		◆		◆	◆								En		EnS
Energy Efficiency	6		◆				◆	◆								AnEc	AnEc	
Physical Impacts from Climate Change	1		◆				◆	◆							EnEc	EnEc	EnEc	EnEc
Circular Economy	6		◆				◆	◆							EnEc	EnEc	EnEc	EnEc
Biodiversity & Ecosystem Services	6		◆				◆	◆								En	En	

Capitals
 1. Financial 3. Intellectual 5. Social and relationship
 2. Manufactured 4. Human 6. Natural

Impacts
 En. Environmental G. Governance
 S. Social Ec. Economic

EnSGEc. Positive impact - maximize opportunities
EnSGEc. Negative impact - reduce risks

2. Stakeholder identification and prioritization





5

Stakeholder engagement

We believe it is imperative that we maintain open dialog and positive relations with our stakeholders. We accordingly work to develop a relationship based on mutual cooperation and participation in building trust.

With this imperative in mind, we have structured channels for communications and dialog with employees and other stakeholders.

In the second half of 2019, we revisited our stakeholder map as part of our materiality assessment process. This exercise generated 14 stakeholder groups.



Customers



Governments



Employees



Universities and research institutions



Shareholders



Trade associations



Lenders



Media/press



Suppliers



Labor unions



Communities



Think tanks



Regulators



Non-government organizations





We identified our stakeholders based on the five attributes outlined in AA1000SES:




- ♦ **Dependency:** groups or individuals who are directly or indirectly dependent on the organization's activities, products or services and associated performance, or on whom the organization is dependent in order to operate.
- ♦ **Responsibility:** groups or individuals to whom the organization has, or in the future may have, legal, commercial, operational or ethical/moral responsibilities.
- ♦ **Tension:** groups or individuals who need immediate attention from the organization with regard to financial, wider economic, social or environmental issues.
- ♦ **Influence:** groups or individuals who can have an impact on the organization's or a stakeholder's. strategic or operational decision-making.
- ♦ **Diverse perspectives:** groups or individuals whose different views can lead to a new understanding of the situation and the identification of opportunities for action that may not otherwise occur.








We covered a wide variety of topics in our stakeholder surveys, including:

- ♦ Material issues.
- ♦ The Sustainable Development Goals that are most relevant to Cimento Apodi and our stakeholders.
- ♦ The perceptions of our external stakeholders, leadership team, customers and employees about our sustainability performance.
- ♦ The priority sustainability issues to be incorporated in our strategy for the next 10 years.

Below we list the key topics and concerns raised.

Stakeholder group	Description	Main departments responsible for engagement	Engagement methods and channels	Frequency	Key engagement initiatives in 2019	Trend and results from initiatives
Customers 	Construction contractors and workers, end consumers, construction companies, government highway departments (DER, DNIT, etc.), Petrobrás, home improvement centers, engineers, designers, architects, hardware store clerks, flooring contractors, concrete laboratories, and consultants.	Customer Relationship Management (CRM), Marketing, Sales and Technical Consulting, Logistics, and Product/Quality Committee.	a. Facebook; b. Instagram; c. LinkedIn; d. Customer Relationship Management (CRM); e. Customer Service; and f. Sales consultants.	Continuous.	<ul style="list-style-type: none"> ◆ IBRACON (Brazilian Concrete Institute) Conference. ◆ Concrete Pavement Course. ◆ Participation in the “Cities” event, with a lecture titled “Economical and Sustainable Solutions for Urban Roads and Municipal Governments”. ◆ A lecture on types of cement at the Ceará state metropolitan transportation company (METROFOR). ◆ Training for 5,722 construction workers through our “Professionals of the Future” program. ◆ Participation in the “Construction Awards” (annual). ◆ Media Plan Presentation (annual). ◆ Experience Day - Box seating for Ceará and Fortaleza games in the state soccer competition. 	Positive
Employees 	Leadership team and employees.	Human Resources and leadership team.	a. Toolbox Talks; b. Cimento Apodi’s internal communication network; c. Ombudsman channel; d. Motivational and safety campaigns; e. Regular meetings; f. Sustainability Report; g. Website: www.cimentoapodi.com.br; h. Workplace (corporate social network); i. LinkedIn; j. Internal training; k. End-of-year celebrations; and l. Language courses.	Continuous.	<ul style="list-style-type: none"> ◆ Leader Development Program (LDP). ◆ ESL courses for employees. ◆ Engagement survey. ◆ Employee birthday celebrations. 	Positive
Shareholders 	External Audit, Internal Audit, Board of Directors and Executive Board.	Executive Board.	a. Board Meetings; and b. Earnings Meetings.	Quarterly; Monthly.	<ul style="list-style-type: none"> ◆ Earnings presentations and investment validation. 	Positive
Lenders 	Lending agents.	Financial; Accounting; Tax and Leadership Team.	a. Financial reporting; and b. Financial reporting meetings.	Annual.	<ul style="list-style-type: none"> ◆ Presentation of results and projections of future investments. 	Positive

Stakeholder group	Description	Main departments responsible for engagement	Engagement methods and channels	Frequency	Key engagement initiatives in 2019	Trend and results from initiatives
Suppliers 	<ul style="list-style-type: none"> a. Port contractors; b. Biomass supplier; c. Suppliers of raw materials, fuels and packaging; d. Transportation suppliers (FTL and short-sea shipping); e. Truck drivers; f. Third-party companies; g. Logistics companies; h. Consulting and training companies; i. Fly ash and slag suppliers; j. Communications system suppliers; and k. Equipment suppliers. 	Procurement; Logistics; Marketing; HR; Leadership Team; Administrative; and Industrial.	<ul style="list-style-type: none"> a. Bancodoc; b. Events; c. Meetings; and d. Training. 	Continuous; Annual; and Daily.	<ul style="list-style-type: none"> ◆ Celebration of Truck Drivers' Day. 	Neutral
Communities 	Communities surrounding the Quixeré and Pecém plants, and communities near concrete batching plants and distribution centers.	Sustainability.	<ul style="list-style-type: none"> a. Business-Community Committee; b. Social programs; c. WhatsApp; d. Facebook; and e. Association of Pecém Industrial and Port Complex Companies (AECIPP). 	Quarterly; and Continuous.	<ul style="list-style-type: none"> ◆ Two meetings of the <i>Empresa Comunidade</i> Committee; ◆ Transfer of financial resources to three projects: music, <i>capoeira</i> and strengthening of community association; ◆ Task forces in the community, involving Company, community and city hall. 	Positive
Regulators 	Public Prosecution Service, National Land Transportation Agency (ANTT), Federal Highway Police (PRF), State Environment Department (SEMACE), tax authorities, labor authorities, labor unions, Army, Federal Police, Municipal Environmental Agencies, Military Police, Fire Department.	Environment; Health & Safety; Accounting; Human Resources; Leadership Team.	<ul style="list-style-type: none"> a. Environmental report; and b. Meetings. 	Annual; Quarterly; and Continuous.	<ul style="list-style-type: none"> ◆ Annual environmental status reports on our operations. 	Positive

Stakeholder group	Description	Main departments responsible for engagement	Engagement methods and channels	Frequency	Key engagement initiatives in 2019	Trend and results from initiatives
 <p>Governments</p>	State Government of Ceará; Municipal Government of Quixeré (CE); municipal governments in the Vale do Jaguaribe region; municipal governments of Caucaia (CE) and Eusébio (CE).	Leadership Team; Sustainability; Institutional Relations.	a. Association of Pecém Industrial and Port Complex Companies (AECIPP); and b. Vale do Jaguaribe Sustainability Committee.	Monthly; and Quarterly.	<ul style="list-style-type: none"> 1st Social Responsibility Workshop; Meetings; and 4 Vale do Jaguaribe Sustainability Committee meetings. 	Positive
 <p>Universities and Research Institutions</p>	Brazilian Association for Standardization (ABNT); research institutes; and higher education institutions.	Sustainability; Institutional Relations; Leadership Team; Industrial.	a. Common projects; and b. Internship and apprenticeship programs.	Quarterly; and Continuous.	<ul style="list-style-type: none"> Artificial Intelligence Project—PECÉM; Social Academy Project; Technical visits; and Industrial Process Operator Course. 	Positive
 <p>Trade Associations</p>	National and regional organizations linked to or active in the construction industry.	Marketing; Sustainability; Institutional Relations; Leadership Team; Industrial; and Quality.	a. Sectoral meetings.	Annual; and Continuous.	<ul style="list-style-type: none"> Business Development Program (BDP); Brazilian Concrete Institute Convention (IBRACON); National Cement Industry Union (SNIC) Committees; and Brazilian Portland Cement Association (ABC P). 	Positive
 <p>Media/Press</p>	Press.	Marketing.	a. Media Clipping; b. Media outreach; and c. Fact sheets.	Daily.	<ul style="list-style-type: none"> Spontaneous brand placement in the media, representing an audience of 'x' people and 'x' worth of advertising. 	Positive
 <p>Labor Unions</p>	Ceará State Construction and Furniture Industry Workers' Federation; and cement, lime and gypsum industry workers' unions.	Human Resources.	a. Union negotiation meetings; b. Email.	Annual; and Continuous.		Positive
 <p>Think Tanks</p>	Construction workers.	Marketing and Leadership Team.	a. Sales Consultants; and b. Marketing.	Continuous.	"Eu uso" Campaign.	Positive
 <p>Non-Government Organizations</p>	NGO "Unidos para o Progresso".	Sustainability.	a. Vale do Jaguaribe Sustainability Committee; and b. Volunteering Program.	Quarterly; and Annual.	Capacity Building for Cimento Apodi Volunteers.	Positive



6

Material issues, scope and boundaries

The material issues identified in our materiality assessment were categorized into four pillars: **Governance, Economic, Social and Environmental.**



Governance

Compliance, Governance, Transparency and Regulatory Risks

Stakeholder Engagement and Relations

Corporate Social Responsibility



Economic

Customer Satisfaction

Innovation

Responsible Value Chain

Value Creation for the Business and Society

Operational Excellence

Transportation and Logistics



Social

Career Development/Retention

Occupational Health and Safety

Human Rights

Local Development

Work-Life Balance



Environmental

Alternative Fuels and Raw Materials

CO2 Emissions and Climate Change

Water Resource Management

Circular Economy

Air Quality

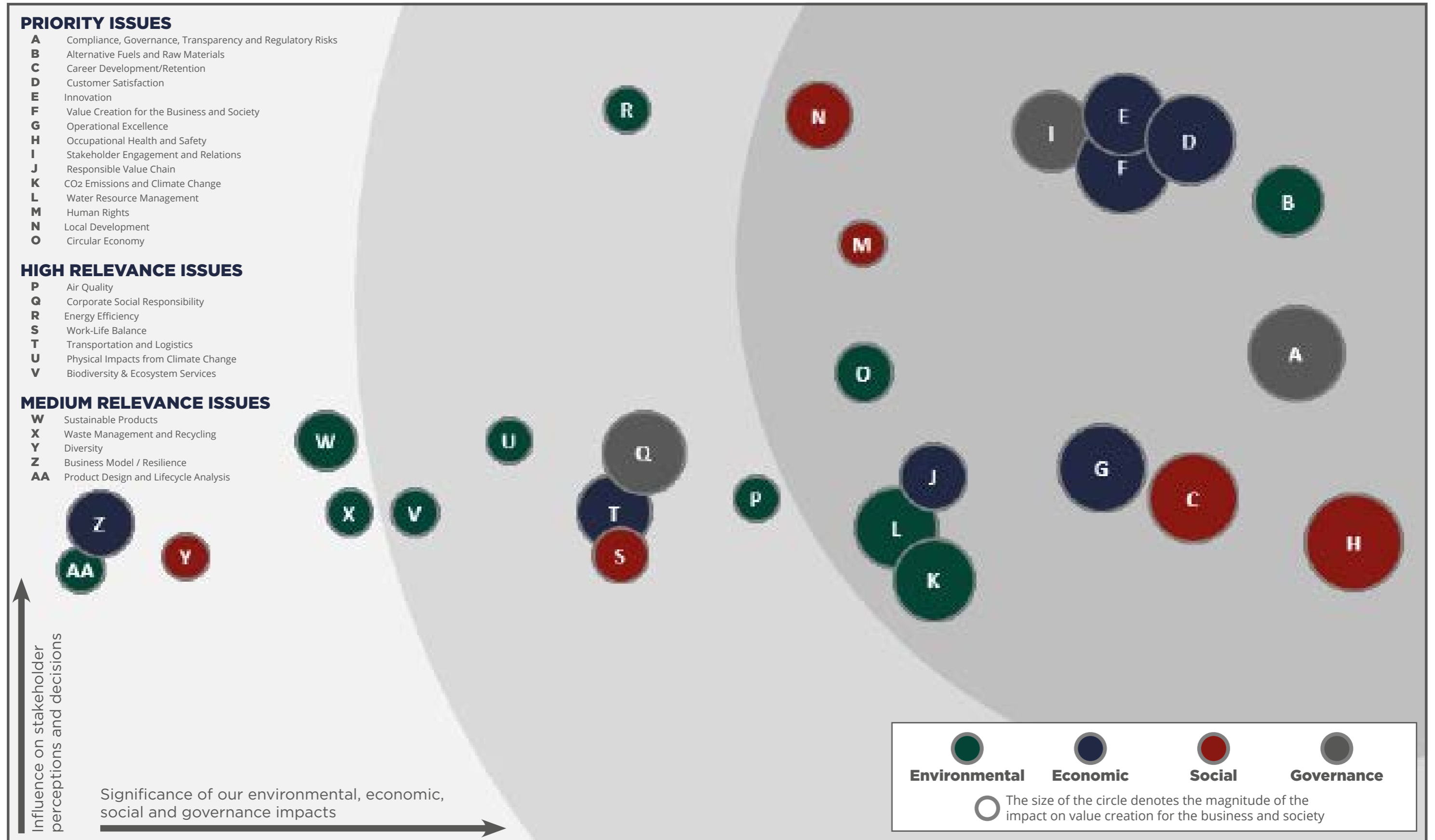
Energy Efficiency








Physical Impacts from Climate Change









Biodiversity & Ecosystem Services








Cimento Apodi Materiality Matrix - GRI [102-47], IIRC and SASB

The primary outcome from our materiality assessment process was a set of “material issues” that are strategic for sustainability at Cimento Apodi. These material issues have been mapped in a materiality matrix. The vertical axis represents the level of influence on stakeholder perceptions and decisions, while the horizontal axis represents the significance of the Company’s environmental, economic and social impacts.







Cimento APODI – Our Material Issues	Detailed Description
<p> A. Compliance, Governance, Transparency and Regulatory Risks</p>	<p>Reporting practices, policies and procedures, and enhanced awareness-raising processes and initiatives for stakeholders, the market and broader society, addressing the following:</p> <ul style="list-style-type: none"> ◆ Compliance with laws and regulations and investigation of suspected violations. ◆ Transparent and efficient decision-making processes. ◆ Employee transparency and integrity at all levels of the Organization. ◆ Management of business, operational, regulatory, social, environmental and corruption risks. ◆ Support for a free market without monopolies, antitrust issues or price-fixing. ◆ Crisis management to minimize damages to our assets, operations and results.
<p> B. Alternative Fuels and Raw Materials</p>	<p>Use of alternative fuels and raw materials and reuse of byproducts based on circular economy principles, ensuring production and consumption patterns are sustainable.</p>
<p> C. Career Development/Retention</p>	<p>Policies, practices and mechanisms for:</p> <ul style="list-style-type: none"> ◆ Attracting and retaining top talent. ◆ Training and engaging the team. ◆ Addressing diversity and nondiscrimination.
<p> D. Customer Satisfaction</p>	<p>Strategies, initiatives and mechanisms to:</p> <ul style="list-style-type: none"> ◆ Provide a better customer experience and better customer service. ◆ Build long-term relations with customers. ◆ Deliver high levels of product quality. ◆ Identify potential risks or negative aspects related to products and services. ◆ Protect data privacy. ◆ Embed innovation and sustainability in the construction industry.
<p> E. Innovation</p>	<p>Development of new strategies, products, services, processes and mechanisms to reduce negative impacts, maximize positive impacts, boost revenues, reduce costs and achieve competitive advantage.</p>
<p> E. Value Creation for the Business and Society</p>	<p>This includes:</p> <ul style="list-style-type: none"> ◆ All value we create and distribute to stakeholders and society. ◆ All strategies set to maximize profitability and contribute to operational stability and the longevity of the business.
<p> G. Operational Excellence</p>	<p>Environmental and production policies and initiatives that establish adequate operational standards and promote best practices in our operations and production process.</p>

Cimento APODI – Our Material Issues	Detailed Description
 H. Occupational Health and Safety	Practices and initiatives that protect, to the greatest extent possible, the health, safety and physical and mental integrity of employees, contractors and suppliers.
 I. Stakeholder Engagement and Relations	Strategies, initiatives and mechanisms to establish and maintain open communications with stakeholders in order to understand their expectations and either develop or participate in win-win initiatives.
 J. Responsible Value Chain	Develop strategies to maximize business opportunities in the value chain, and mitigate supplier-related social, environmental and legal risks that could threaten business continuity
 K. CO2 Emissions and Climate Change	Strategies, projects and initiatives to: <ul style="list-style-type: none"> ◆ Measure, monitor and reduce our industrial and agricultural carbon footprint. ◆ Mitigate the risks and/or adapt to the consequences of climate change. ◆ Seize opportunities to enter markets that value products produced through low-CO2 production processes.
 L. Water Resource Management	Practices, projects and mechanisms to: <ul style="list-style-type: none"> ◆ Utilize water resources more efficiently. ◆ Identify and manage water-related risks in our operations and activities.
 M. Human Rights	Strategies and initiatives to promote and protect the human rights of stakeholders across our supply chain.
 N. Local Development	Strategies, initiatives and practices that include: <ul style="list-style-type: none"> ◆ Managing the risks and impacts from our activities on the communities where we operate. ◆ Supporting local development. ◆ Developing and maintaining positive relations with surrounding communities.
 O. Circular Economy	Strategies, initiatives and mechanisms to: <ul style="list-style-type: none"> ◆ Reduce waste throughout the product lifecycle. ◆ Identify and implement opportunities to replace raw materials. ◆ Recycle byproducts. ◆ Recycle construction and demolition waste.

Cimento APODI – Our Material Issues	Detailed Description
High Relevance Issues	
 P. Air Quality	Procedures and practices for measuring, monitoring, mitigating, reducing, controlling and reporting on non-GHG (Greenhouse Gas) emissions from our operations.
 Q. Corporate Social Responsibility	A management approach underpinned by ethical and transparent relations with all stakeholders.
 R. Energy Efficiency	Strategies, projects and investments to: <ul style="list-style-type: none"> ◆ Reduce risks related to energy supply and production. ◆ Encourage and achieve increased energy efficiency in our operations and across the value chain. ◆ Conduct research on and develop and/or implement alternative energy options.
 S. Work-Life Balance	Initiatives and organizational practices that support employees in maintaining a healthy work-life balance.
 T. Transportation and Logistics	Strategies, programs and practices for: <ul style="list-style-type: none"> ◆ Efficiently managing transportation and logistics activities. ◆ Mitigating the risks inherent to our operations.
 U. Physical Impacts from Climate Change	Strategies, projects and initiatives for: <ul style="list-style-type: none"> ◆ Adapting and achieving resilience to climate change. ◆ Identifying opportunities related to climate change. ◆ Collaborating with other companies, governments and academia on projects related to climate change.
 V. Biodiversity & Ecosystem Services	Policies, projects and initiatives for identifying, mapping, preventing, mitigating, correcting and offsetting impacts on ecosystems surrounding our operations.

Scope and boundaries

The boundaries of each issue in relation to our value chain are set in the table below. Those boundaries indicate whether our reporting covers internal impacts (within our operations) or external impacts (in the activities of our suppliers, customers and/or broader society).

Material Topics		Within Cimento Apodi	Outside Cimento Apodi			GRI Disclosures / Frameworks	Frameworks				
			Suppliers	Customers	Society		1	2	3	4	5
Priority issues											
	A. Compliance, Governance, Transparency and Regulatory Risks	✓	✓	✓	✓	102-16; 102-17; 205-1; 205-2; 205-3; 206-1; 307-1; 415-1; 419-1.		✓	✓	✓	✓
	B. Alternative Fuels and Raw Materials	✓	✓		✓	GCCA Charter, Titan KPIs.	✓			✓	
	C. Career Development/Retention	✓				202-1; 202-2; 401-1; 401-2; 401-3; 404-1; 404-2; 404-3.	✓		✓		
	D. Customer Satisfaction	✓		✓							
	E. Innovation	✓	✓	✓	✓						✓
	E. Value Creation for the Business and Society	✓	✓	✓	✓	201-1.			✓		
	G. Operational Excellence	✓		✓			✓	✓		✓	
	H. Occupational Health and Safety	✓	✓			403-1; 403-2; 403-3; 403-4.			✓	✓	✓
	I. Stakeholder Engagement and Relations	✓	✓	✓	✓		✓			✓	
	J. Responsible Value Chain	✓	✓	✓	✓	204-1; 308-1; 308-2, 406-1; 407-1; 408-1; 409-1; 410-1; 411-1; 412-1; 412-2; 412-3; 414-1; 414-2.	✓		✓		
	K. CO2 Emissions and Climate Change	✓	✓	✓	✓	201-1.	✓		✓	✓	✓

Material Topics		Within Cimento Apodi	Outside Cimento Apodi			GRI Disclosures / Frameworks	Frameworks				
			Suppliers	Customers	Society		1	2	3	4	5
Priority issues											
	L. Water Resource Management	✓			✓	303-1; 303-2; 303-3; 306-1; 306-5.	✓		✓	✓	✓
	M. Human Rights	✓	✓		✓		✓		✓		
	N. Local Development	✓	✓	✓	✓	413-1; 413-2.			✓		
	O. Circular Economy	✓	✓		✓					✓	
High Relevance Issues											
	P. Air Quality	✓			✓	305-7.	✓			✓	✓
	Q. Corporate Social Responsibility	✓	✓	✓	✓					✓	
	R. Energy Efficiency	✓					✓			✓	✓
	S. Work-Life Balance	✓			✓						✓
	T. Transportation and Logistics	✓	✓	✓		308-1; 308-2, 403-1; 403-2; 403-3; 403-4.					
	U. Physical Impacts from Climate Change	✓			✓	201-2.					
	V. Biodiversity & Ecosystem Services	✓			✓	304-1; 304-2; 304-3; 304-4	✓			✓	✓

Frameworks:

- 1) Titan environmental and social KPIs. For further information, see: <https://www.unglobalcompact.org/participation/report/cop/create-and-submit/advanced/429595>
- 2) UNGC TenP, COP
- 3) UNCTAD Guidance, Selected core indicator
- 4) GCCA Charter
- 5) SASB 2014 Construction Materials Sector



7

Sustainable Development Goals (SDGs)

On September 25, 2015, the 193 UN Member States adopted a set of goals to end poverty, protect the planet, and improve the lives and prospects of everyone, as part of a new development agenda.

The 17 Sustainable Development Goals (SDGs), and their 169 component targets, provide guidance over a horizon from 2015 to 2030 on actions by governments, the private sector, civil society, individuals and stakeholders to achieve progress in a joint effort.



As a private company responding to this global call to action to create an environment that provides greater opportunities and better living standards for all, we have conducted an exercise to prioritize those Sustainable Development Goals which we, given our business model, can impact directly and support most effectively.



Material issues and linkage to the SDGs



	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Governance																		
Compliance, Governance, Transparency and Regulatory Risks								◆									◆	◆
Stakeholder Engagement and Relations				◆					◆		◆							◆
Corporate Social Responsibility								◆	◆		◆							
Economic																		
Customer Satisfaction								◆	◆		◆							
Innovation							◆	◆	◆		◆	◆						◆
Responsible Value Chain								◆	◆		◆							
Value Creation for the Business and Society								◆	◆		◆							◆
Operational Excellence							◆	◆				◆						
Transportation and Logistics			◆					◆					◆					
Social																		
Career Development/Retention				◆				◆										
Occupational Health and Safety								◆			◆							
Human Rights								◆										◆
Local Development	◆			◆	◆	◆		◆	◆		◆	◆			◆			◆
Work-Life Balance								◆										
Environmental																		
Alternative Fuels and Raw Materials											◆	◆	◆		◆			◆
CO2 Emissions and Climate Change													◆					◆
Water Resource Management						◆									◆			◆
Air Quality								◆			◆	◆						
Energy Efficiency							◆				◆	◆	◆					
Physical Impacts from Climate Change									◆		◆		◆					
Circular Economy											◆	◆	◆					
Biodiversity & Ecosystem Services						◆									◆			◆

How our initiatives at Cimento Apodi support the Sustainable Development Goals:



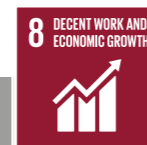
9.4 9.5

- Products that are essential for development. Contribution to better quality of life and access to housing.
- Circular economy: byproduct recycling and development of lower-carbon products. Use of fly ash and slag from our Pecém (CE) plant in our production process.
- Investment in research and development to supply increasingly efficient products and services to our customers.
- Training for construction workers to increasingly optimize their use of our products.
- Process and systems improvements to reduce waste and inefficiencies in the construction value chain.



11.2 11.6

- Public-private partnerships to develop sustainable solutions for using Refuse Derived Fuel (RDF) in our cement kilns. Supporting the development of solutions for municipal landfills. Exercising leadership on the Vale do Jaguaribe Sustainability Committee and actively participating in the Ceará Platform 2050.



8.5 8.8

- Building and updating our employees' technical and behavioral skills.
- Local hiring and capacity building, including in agriculture, in support of professional development.
- Providing healthy and safe workplaces for our employees.
- Improving health and safety conditions in transportation and logistics.
- Encouraging suppliers to adopt practices aligned with our businesses' human rights guidelines.
- Development and strengthening of local supply chains. (e.g. our Women Entrepreneurs program).



7.3

- Use of clean energy and innovative technologies at our plants. We are the only company in Latin America to use Waste Heat Recovery (WHR) technology.
- Studies and assessments on the use of wind, solar and other alternative energy sources.
- Our plant in Quixeré (CE) operates to high levels of energy efficiency.



13.2

We supported the development and publication of the "Cement Technology Roadmap" (*Roadmap Tecnológico do Cimento*) by the Brazilian Portland Cement Association (ABCP) and the National Cement Industry Union (SNIC), in collaboration with the International Energy Agency (IEA), the World Bank's IFC and WBCSD.

To reduce greenhouse gas emissions, the roadmap provides recommendations such as:

- Using alternative fuels and raw materials in cement production.
- Using alternative, low-carbon materials to produce cement, including limestone as a filler, slag, fly ash and pozzolans.
- Optimizing the energy and thermal efficiency of cement plants.

For further information about the Cement Technology Roadmap, click the link below:

https://abcp.org.br/wp-content/uploads/2019/11/Roadmap_Tecnologico_Cimento_Brasil_Book-1.pdf

- We have developed initiatives aligned with the Cement Technology Roadmap to 2030 and 2050.
- Optimizing transportation and logistics and prioritizing transportation modes generating the least carbon emissions.



17.6 17.7

- Building strengthening partnerships with a focus on engagement and development and/or expansion.



12.2

- Cement production with fly ash, slag, limestone as filler and pozzolans. Use of byproducts from the Pecém (CE) plant in our production processes.
- Use of alternative raw materials in our production process. Investment in research and innovation to expand the use of alternative raw materials.
- Contributing to increased recycling of construction and demolition waste.
- Monitoring biodiversity and ecosystems surrounding our operations. Developing action plans and managing improvements.
- Sustainable consumption and use of water resources.
- Employee training on the importance of preserving biodiversity and using water resources sustainably.

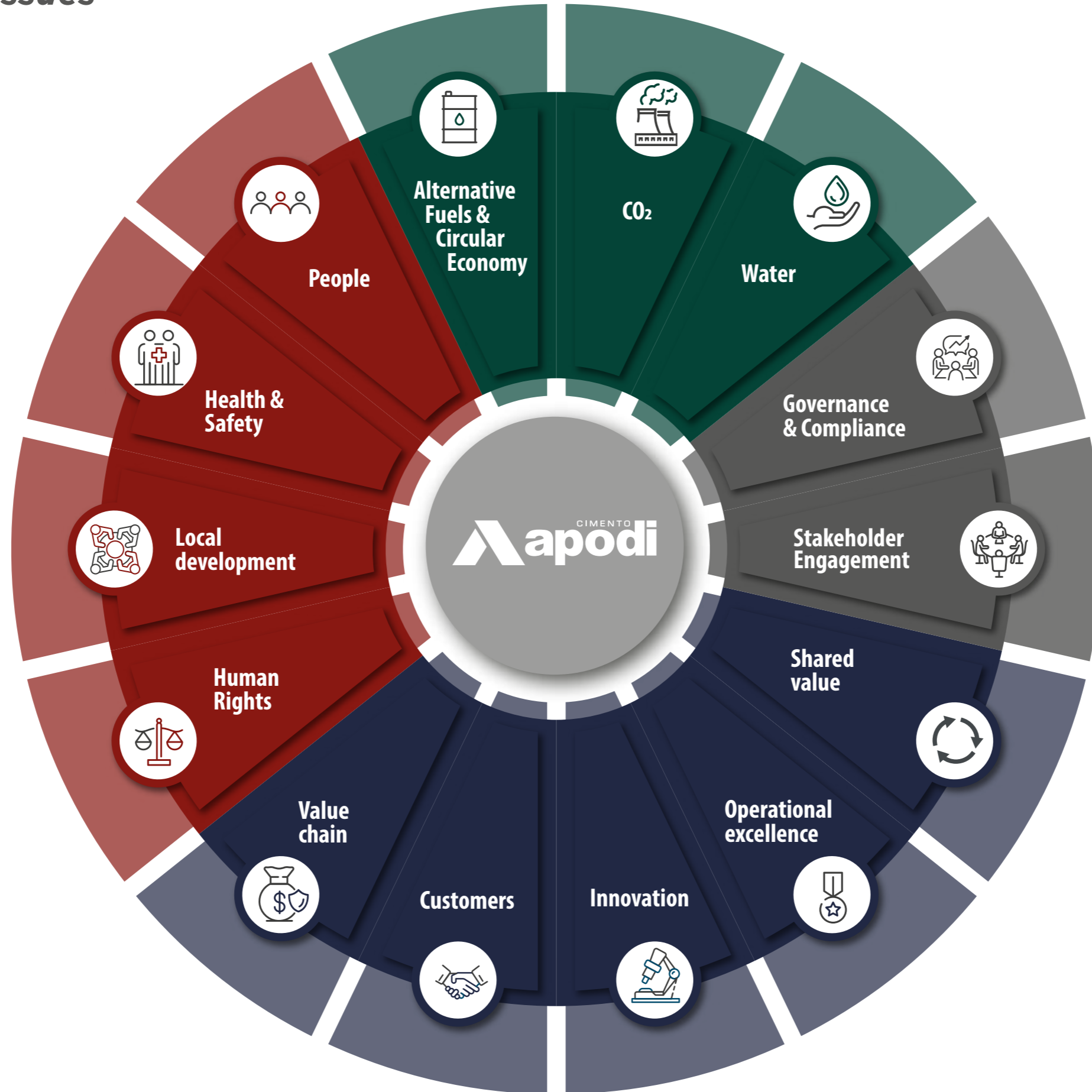


4.4

- Education is one of the core pillars of our social initiatives, with a particular focus on local professional training and development. We work in partnership with communities to strengthen our social license to operate.

Priority Material Issues

Key performance indicators (KPIs) have been defined for each priority issue in order to track our progress on that issue and the relevant SDGs.



Click on the issue icons in the wheel to view the relevant synergies with the SDGs

Click on the synergies to close them

KPIs

ENVIRONMENTAL KPIs	
TITAN CODE	DESCRIPTION
EP06	Externally recycled waste materials - All businesses
EP07	Water consumption - All businesses
EP16	Thermal energy consumption (total) - All businesses
EP17	Electrical energy consumption (total) - All businesses
EP18	Gross direct CO ₂ emissions - cement business
EP19	Net direct CO ₂ emissions - cement business
EP20	Indirect CO ₂ emissions - cement business
EP21	% Alternative fuel substitution rate - cement business
EP22	% Biomass in fuel mix - cement business
EP23	Clinker to cement ratio - cement business
EP24	Thermal energy consumption (total) - cement business
EP25	Alternative fuels consumption (total) - cement business
EP26	Electrical energy consumption (total) - cement business
EP27	Materials consumption (total) - cement business
EP28	% Alternative raw materials consumption - cement business
EP29	Water consumption (total) - cement business
EP31	Dust emissions - cement business
EP32	NOx emissions - cement business
EP33	SOx emissions - cement business
EP36	% Alternative fuel substitution rate - all businesses
EP37	% Biomass in fuel mix - all businesses
EP 40	Environment investments - all businesses

SOCIAL KPIs	
TITAN CODE	DESCRIPTION
SP-01	Employee Fatalities - all businesses
SP-02	Employee Fatality Rate - all businesses
SP-03	Contractor Fatalities - all businesses
SP-05	Employee Lost Time Injuries (LTIs) - all businesses
SP-06	Employee Lost Time Injuries Frequency Rate (LTIFR) - all businesses
SP-07	Employee lost working days - all businesses
SP-08	Employee Lost Time Injuries Severity Rate
SP-09	Contractors Lost Time Injuries (LTIs) - cement business
SP-10	Contractors Lost Time Injuries Frequency Rate (LTIFR) - cement business
SP-15	Employee turnover (%) - all businesses
SP-16	Employees left - all businesses
SP-17	New hires (%) - all businesses
SP-18	New hires - all businesses
SP-19	New hires per age group - all businesses
SP-43	Interns - all businesses
SP-45	% local sourcing - all businesses

OTHER MANAGEMENT KPIs	
ISSUE	DESCRIPTION
Governance and Compliance	Number of reports received via our Ethics Channel Percentage of employees trained on Compliance policies
Stakeholder engagement	Number of complaints Number of beneficiaries in social projects
Innovation	Artificial Intelligence % Energy Savings % overall financial and non-financial benefits
Human Rights	% critical suppliers undergoing human rights assessments

Report Production

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This materiality assessment has been prepared as a collective effort of the **entire Cimento Apodi team**. Any questions and requests for additional information on this report can be submitted by e-mail to sustentabilidade@cimentoapodi.com.br.

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