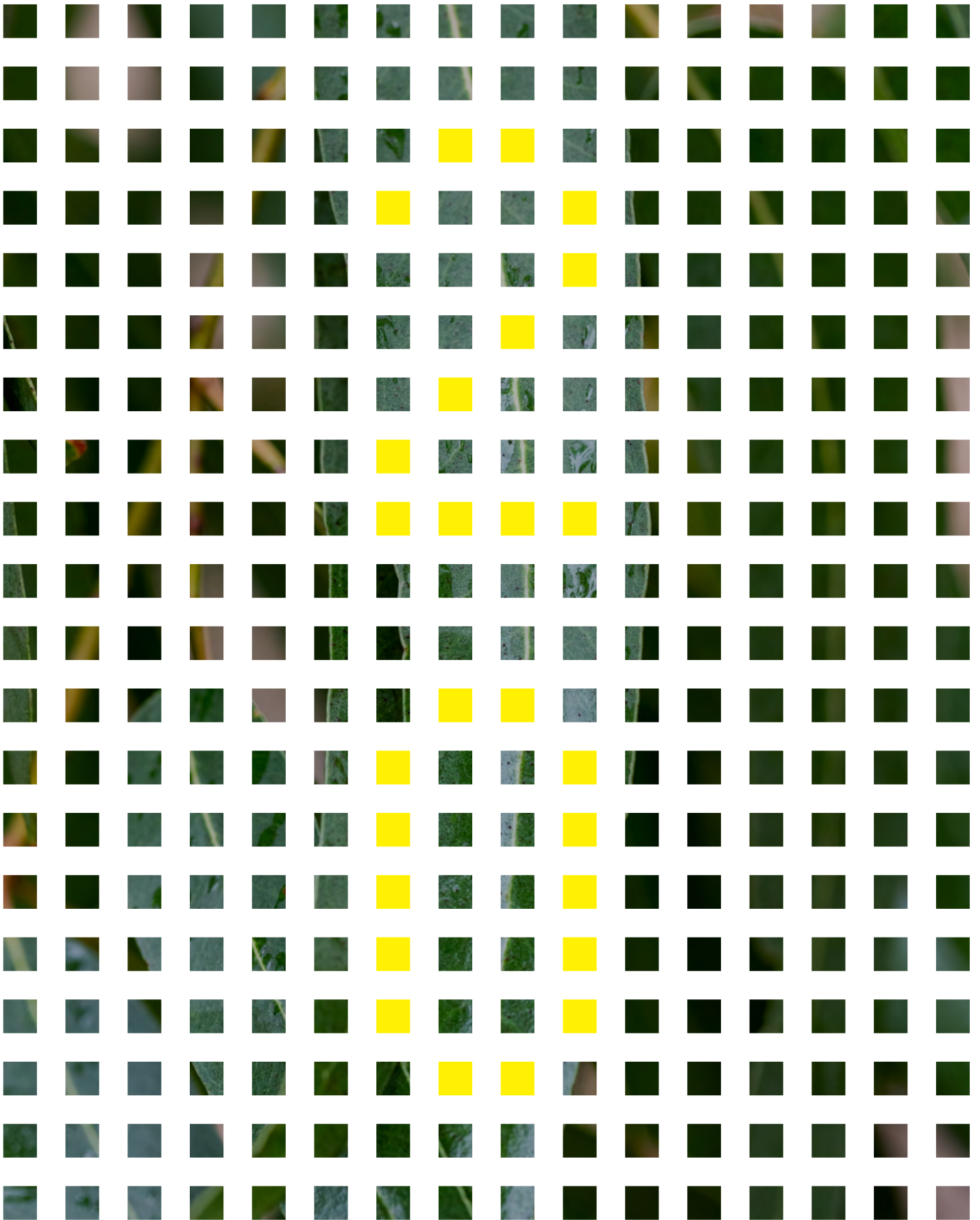
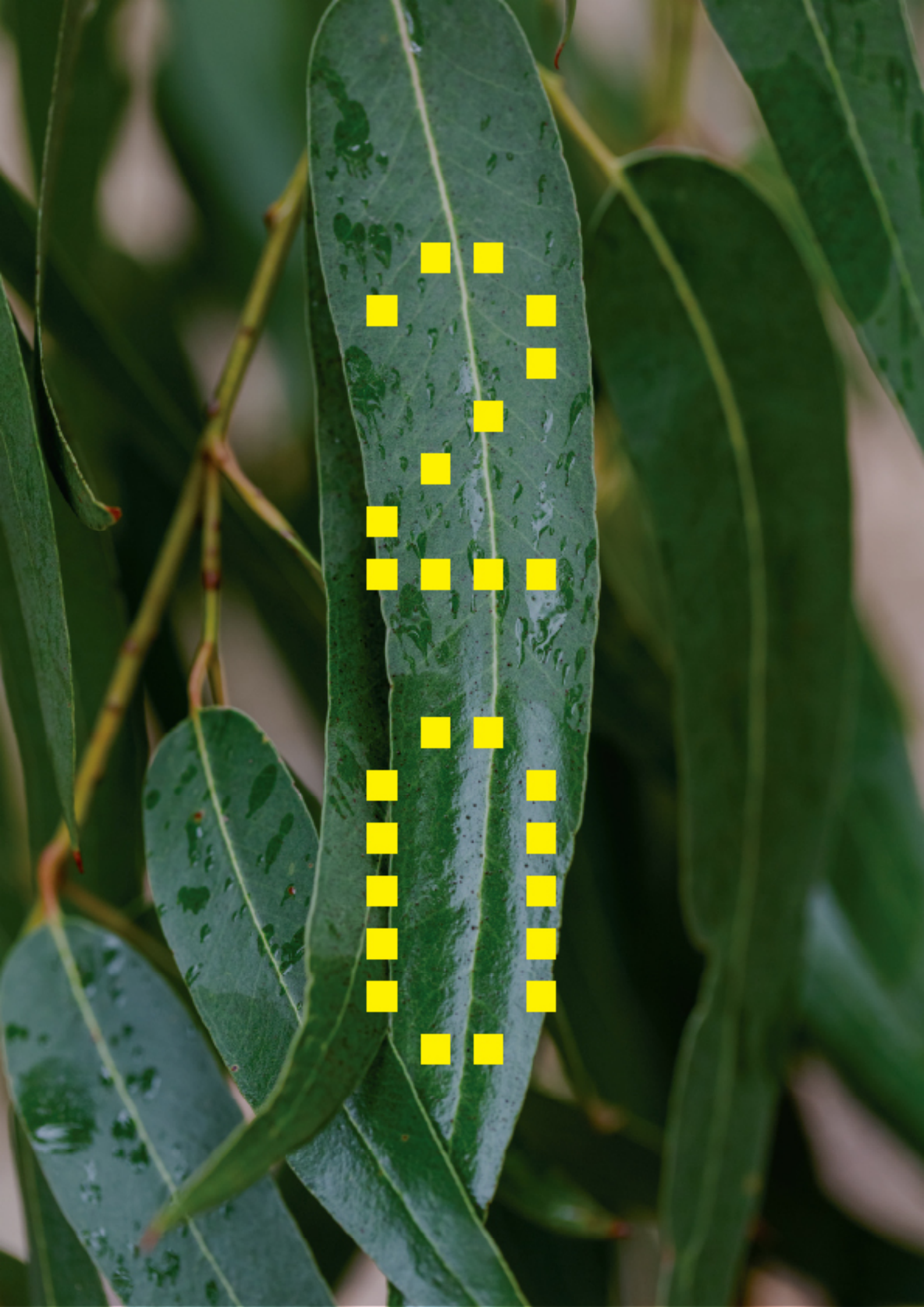


SUSTAINABILITY REPORT 2020





CONTENTS



THE SEMAPA GROUP AND SUSTAINABILITY

ABOUT THE REPORT	04
MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS	06
A DIALOGUE WITH THE CEO	08
THE 2020 NUMBERS	10
	14



SEMAPA'S IDENTITY

WHO WE ARE	16
WHAT WE DO	20
WHERE WE ARE	21
OUR IDENTITY	22
	24



A CHANGING WORLD

1. COVID-19: A RESPONSE	26
2. THE GLOBAL TRENDS	29
	35



CORPORATE SUSTAINABILITY MANAGEMENT

1. GOVERNANCE	40
2. THE RELATIONSHIP WITH STAKEHOLDERS	43
3. MATERIALITY	50
4. OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS	51
	53



RISK MANAGEMENT, A GLOBAL APPROACH

1. RISK MANAGEMENT	58
2. GOVERNANCE MODEL	61
3. TOP RISKS IDENTIFIED	63
	64



VALUE CREATION IN THE BUSINESS

1. SUSTAINABLE VALUE CREATION	66
2. BUSINESS ETHICS	69
3. INNOVATION, RESEARCH AND DEVELOPMENT	80
	83



VALUING OUR PEOPLE

1. HUMAN CAPITAL AND TALENT	88
2. GROUP CULTURE AND MOTIVATION	92
3. OCCUPATIONAL HEALTH, SAFETY AND WELL-BEING	99
	101



PROTECTION OF THE PLANET

1. WATER MANAGEMENT	108
2. CLIMATE CHANGE AND ENERGY	112
3. CIRCULAR ECONOMY	116
4. BIODIVERSITY AND ECOSYSTEM SERVICES	123
	129



COMMUNITY ENGAGEMENT

1. INVESTMENT IN COMMUNITY DEVELOPMENT	136
2. RESPONSIBILITY IN A PANDEMIC SETTING	139
3. INITIATIVES WITH THE COMMUNITY	140
	141



GRI INDEX / DNFI TABLE

146



INDEPENDENT LIMITED ASSURANCE REPORT

168





**THE SEMAPA GROUP
AND SUSTAINABILITY**

ABOUT THE REPORT

The "Sustainability Report 2020" was prepared in accordance with the Global Reporting Initiative Standards in the "Essential" option and responds to the requirements of Decree-Law No. 89/2017 - disclosure by large companies and non-financial information groups and diversity information groups. This report includes the table of correspondence to the report for the disclosure of non-financial information by the issuing companies admitted to trading on a regulated market, published by the CMVM in February 2021.

Changes were made in the governance structure of the Group's sustainability, with the establishment of nine working groups, each dedicated to the Group's strategic areas on sustainability. The constitution of these topics resulted from a process of reflection of the Sustainability Committee, with the definition of the strategic areas and the teams making up the working groups. Each of the groups began the joint work, focused on building a common and ambitious path in each strategic area.

The Sustainability Report should mirror the Group's ambition to be recognised in the areas of sustainability, and to this end, Semapa carried out a review of materiality, aligned with the companies of the various segments that compose it. This new materiality integrates the different material topics, with relevance for the whole Group.

This Sustainability Report 2020 reflects its response to the 12 material topics, each mirrored in a subchapter. These subchapters are grouped by strategic axes: the creation of value in the business, the valuing of people; the protection of the planet and; the involvement with the community.

Finally, having been a year marked by its atypicality, the influence of international trends on the Group's business was also highlighted, including the impact of the COVID-19 pandemic, as well as the Semapa Group's new risk management approach model.

METHODOLOGICAL NOTES

See Reporting Practices | GRI 102-49 Changes to reporting practices.

INFORMATION REVIEW

The information contained in the report was verified by KPMG, which produced an independent reliability assurance report which can be consulted in the annex.

PERIOD, SCOPE AND LIMITATIONS OF THE REPORT

This Report refers to the activities carried out in 2020 (January 1 to December 31, 2020) in line with the Annual Report. The Group's activities are included. All indicators are consolidated, with the exception of Semapa Next and Portucel Mozambique, whose activities are described throughout the document, where applicable.

OPINION AND CONTACTS

For any clarification, please contact:
 SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A. SOCIEDADE ABERTA
 Av. Fontes Pereira de Melo, n.º 14, 10º, 1050-121 Lisbon
 Tel (351) 213 184 700 | Fax (351) 213 521 748



JOSÉ FAY

CHAIRMAN OF THE BOARD
OF DIRECTORS



Semapa rose to the challenges posed by this pandemic and remained steadfast in its commitment to sustainability and value creation for shareholders and the surrounding communities.

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

A challenging, atypical, tough year. There is no adjective good enough to qualify 2020, a year when humanity tackled a global crisis that changed the way we behave and live.

Since companies are an important part of society, naturally the corporate environment was no different. The impact was significant and required our company to reposition itself quickly and efficiently in order to maintain our culture of social responsibility all the while creating wealth for shareholders and the surrounding communities.

Among the many consequences of this pandemic, some known, others yet to come, the acceleration of trends such as digitalisation and sustainability will become even more evident. Producing more using fewer of nature's resources has long been one of the pillars of our development, and now this is even more important and urgent. The future is increasingly linked to sustainability, the future is green!

Semapa rose to the challenges posed by this pandemic and remained steadfast in its commitment to sustainability

and value creation for shareholders and the surrounding communities. One of the materialisations of this commitment becomes evident when we analyse the major investments made in 2020. In order to protect the business, our companies reduced the investments that were planned for 2020, but we chose to give priority to projects aimed at reducing the use of natural resources, such as the biomass boiler at Navigator's plant in Figueira da Foz, which reduces CO₂ emissions by 30%, helping the company to focus on its carbon neutrality target. Another example is the project at Secil that we call Clean Cement Line: it uses innovative technologies to significantly reduce CO₂ emissions. ETSA, a company that is naturally oriented towards sustainability, remained steadfast in its research into the processing of organic waste to "green" protein products.

By way of conclusion, I should like to say a word of thanks to our employees who in this very difficult year have shown great capacity to deliver and commitment to our values and goals. I am very grateful to all and I sincerely hope this will all pass and, in the end, we will be even better prepared for the challenges that lie ahead.



**JOÃO CASTELLO
BRANCO**

CHAIRMAN OF THE EXECUTIVE
BOARD (CEO)

“Sustainability has been one of our priorities for years, we could say it’s in our DNA as a Group, always with the aim of making the creation of value compatible with our respect for the environment and natural resources, with the development and training of our people and with respect for the local communities where we are working.”

A DIALOGUE WITH THE CEO

What stood out in the Semapa Group in 2020? Would you like to highlight any particular initiative that took place this year?

2020 will be remembered for the pandemic crisis and the profound changes it made in the lives of people and organisations, too, ranging from the most important (the States) to micro-enterprises.

We still don't have clear answers regarding the origins of this crisis, but in one way or another it points to the interaction of man with his environment and to the fact that its effects can come back at us in an unexpected and global way. Although we were completely vulnerable in the beginning, we were able to demonstrate an enormous capacity for reaction and have created the institutional and personal mechanisms to make us resilient.

But this crisis is a wake-up call, alerting us to the broader issues of sustainability and environment, how we use resources and how we relate to the environment.

Obviously, this crisis also hit us as a Group, although it affected each of the companies involved differently, so we benefited from the diversification of our business. Despite all of this, because of their people's dedication and spirit of commitment and the resilience of their business models, all the companies have demonstrated an ability to overcome the difficulties, which I find remarkable, achieving very comfortable economic and financial results.

From the very first moment, our concern was the safety of people, and measures were immediately taken to reorganise the work, both from home and in the factories. The results were very positive, because there were few serious cases, this in a universe of nearly 5 900 employees. This is the initiative – or set of initiatives – that I would like to underscore.

At the same time, we organised ourselves, constituting monitoring groups in the areas of health, the progress of the business and communication; we reviewed budgets and

objectives and established priorities, implementing efficient financial management, which allowed us to find solutions to reduce operating and running costs, and optimise the management of cash flow and our financial structure.

We also reviewed the risk indicators of Semapa and the subsidiaries in the light of the new situation created, carrying out a qualitative assessment and seeking to create risk mitigation mechanisms that would strengthen our resilience as a Group.

In what way is Sustainability a synonym of value creation, specifically in a time of economic crisis caused by the Covid-19 pandemic?

"Sustainability has been one of our priorities for years, we could say it's in our DNA as a Group, always with the aim of making the creation of value compatible with our respect for the environment and natural resources, with the development and training of our people and with respect for the local communities where we are working.

To monitor the achievement of our objectives at this level, not only are our subsidiaries organised in such a way as to have persons in their structures responsible for sustainability, just as Semapa, having the nature of a holding, constituted a Sustainability Committee, which is coordinated by the CEO of ETSA, and which integrates representatives of the various companies of the Group with the objective of systematising the various issues of sustainability and leveraging them in the Group.

We do this, being aware that it is the environmental and social challenges that are on the global agenda and that require companies to take an attitude of ethical responsibility and a commitment to preserve biodiversity, using resources in a circular way and combating climate change.

This strong commitment on the part of companies to the centrality of sustainability in the pursuit of their activity

is what truly gives them the "licence" to operate today; in a society marked by the increasing scrutiny of the performance of companies in this area, there is no possible way to create value without a "license to operate".

As I said earlier, although this was already evident up to this pandemic, it is now even more so, because this crisis alerts us to the situations of enormous vulnerability that we may be creating with our interaction with the environment and transmitting it to future generations.

To that extent, this crisis, like all of them, is a huge opportunity for us to review individual and collective behaviours and to redouble our ambitions and accelerate our journey towards sustainability.

The next decade will be the decade of action, where we are all called upon to achieve the goals of the United Nations Sustainable Development Goals. How will the Group contribute to achieving these global goals?

Companies and their leaders play an absolutely central role in the Decade of Action, which encompasses the 2030 Agenda for the United Nations Sustainable Development Goals (SDGs).

The production and business fabric has always added value to the company through the products and services it offers, the employment it generates, the activity it provides to its suppliers and communities, even the taxes it generates for the common good. That said, ultimately it is also the companies that use the planet's resources. Doing it in a more sustainable way has always been and will increasingly be the challenge – that is our commitment, stressing in this regard the following:

Navigator has developed several projects and initiatives to minimize CO₂ emissions resulting from its activity and

promote the improvement of its energy performance. The Company's Roadmap for Carbon Neutrality stands out in this context, in which it assumes the commitment to have its industrial complexes carbon-neutral in 2035 and the relevant role played by forests under its management, given their capacity to capture and store carbon, and its products, which are natural and renewably sourced.

Secil in turn endorses the European and Global Industry Declarations of Climate Ambition aimed at carbon neutrality of the concrete value chain in 2050. Progress has been made in this regard, as emissions of CO₂ have been reduced by around 5% in recent years.

Now the ambition must be even stronger with the assumption of the global commitment to the decarbonisation of human activity set forth in COP21, and therefore Secil is planning to make a major industrial investment in Setúbal worth about 70 million euros reducing the use of fossil fuels to zero, improving energy efficiency and reducing CO₂ emissions intrinsic to the production of cement from limestone.

At the same time, Secil has been investing in product innovation – LCC, Low Carbon Clinker – which saves about 30% in emissions and the use of raw materials.

ETSA's business is based on recycling by-products from the food chain, thus preventing their being taken to landfill and their decomposition from producing greenhouse gas emissions, and it has also outlined a plan to reduce total emissions by 15% by 2025 by implementing a very relevant set of investments. This plan includes the replacement of fuel oil burners by natural gas, the installation of solar panel power plants and the optimisation of heat recovery in the biomass boiler.

I would also like to stress our commitment as a Group to our people, and their development and growth has long been a priority in the various companies that make up the

Group. In 2020 we pursued a set of initiatives aimed at valuing them, highlighting the Talent Review, the Succession Plans, mobility policy, a new leadership model to be implemented in 2021, with special focus on the culture and development of all employees, as well as the continuation of the communication programmes Semapa News and Semapa Talks.

Finally, we are always concerned about supporting the communities where we have located our forestry, industrial and commercial activities, contributing to concrete initiatives that promote their development and the well-being of the population. In 2020 we placed a particular focus on supporting the fight against the pandemic by donating masks and disinfection products.

I would also stress the financial support given to the IMM for the research effort to combat Covid, the purchase of radiology equipment for the Figueira da Foz Hospital, the support for the acquisition of medical supplies for the Hospital of Setúbal and the financial support for the Food Bank Against Hunger, in addition to the support we give to the Nossa Senhora do Bom Sucesso Foundation, which works in the field of infant and paediatric medicine, in particular with the neediest populations, and the Salvador Foundation, which dedicates its efforts to helping people with significant physical and motor disabilities.

Innovation associated with new technologies is one of the major trends internationally and has been one of the bets of the Group. What do you have to say about this matter?

We must be aware of the fact that companies that fail to bet on research and innovation close in on themselves and they end up dying on the vine. That is why our bet is so decisive, looking to research and innovation to improve the efficiency of the production processes and to achieve products that stand out for their difference and have a lower environmental impact.

For a start, we have a company in the Group, Semapa Next, that invests in innovative start-ups in Portugal and the rest of the world, betting on entrepreneurship and promoting innovation. Besides accompanying the companies in its portfolio and the various funds it has invested in, last year Semapa Next bet on two innovative initiatives – Pathfinder, with Techstars, which will organise two Global Business Challenges to discover start-ups with accelerated growth potential – and on Global Sustainability Challenge to find those that are developing new technologies in the area of the supply chain.

The Group's subsidiaries also bet heavily on research and innovation, not only for their processes, but also for their products. I just want to highlight here one project for each company – in the case of Navigator it is a type of eucalyptus pulp that can be used in packaging applications; in the case of Secil, the Low Carbon Clinker I already mentioned; at ETSA, the ETSAProHy project will present three new products with high added value in the animal feed market.

This bet we are making becomes even more pressing at a time when we are experiencing a global event that puts our way of being and collective life in question. Our awareness of this fact led us to choose the theme "Change Faster" for our annual Encounter, to address from different perspectives the questions of innovation and our Group's capacity to face the challenges of the future.

And to end with, what message for the future do you have for all the stakeholders, including employees?

The message I would like to leave with everyone is very simple – in this very difficult year, we showed what we can do and we came out stronger. I haven't the least doubt that, with ambition, innovation and collaboration, we have all the resources we need to successfully meet the challenges of the future.

THE 2020 NUMBERS



PRESENT IN

20 COUNTRIES



REVENUE

1,867 M€



UNIVERSE OF

5,876

EMPLOYEES



EBITDA

419 M€

MARGIN HIGHER
THAN 20%



INVESTMENTS IN TANGIBLE
FIXED ASSETS

109 M€



CASH FLOW

362 M€



OWN CAPITAL

949 M€



NET RESULT ALLOCATED
TO SHAREHOLDERS

107 M€





SEMAPA'S IDENTITY

A GROUP WITH
SUSTAINABILITY AS
AN ESSENTIAL PILLAR



SEMAPA'S IDENTITY

Semapa represents one of the largest domestic industrial groups and operates in various sectors of economic activity. The Group's identity is characterised by a multiplicity of companies, all of them orienting their activities by the same principles of sustainability and responsibility.

Sustainability as a horizontal
value across
the entire group.

WHO WE ARE

Semapa is a public company based in Lisbon, whose shares are admitted to trading on the regulated market Euronext Lisbon. As one of Portugal's largest industrial groups, Semapa employs over 5,876 people and is present on several continents, 3/4 of its revenue being generated in foreign markets.

One of the biggest Portuguese industrial groups with presence in **4 continents**



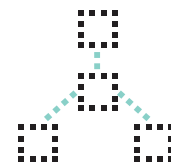
Portfolio that includes Pulp and Paper, Cement and Other Building Materials, Environment and Venture Capital



Listed in **Euronext Lisbon** (PSI20) since 1995



Queiroz Pereira family
- reference investor

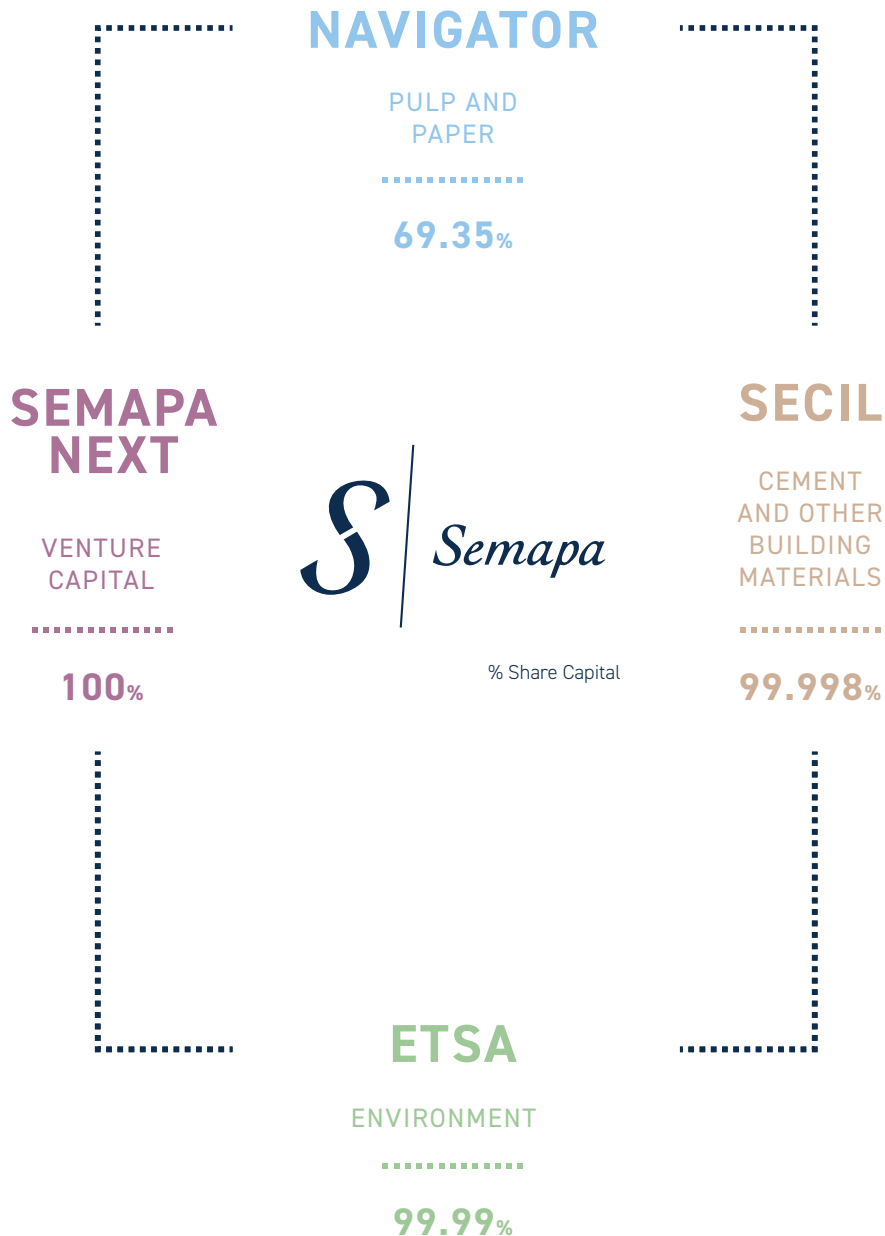


Professional, experienced and diversified **Management**



WHAT WE DO

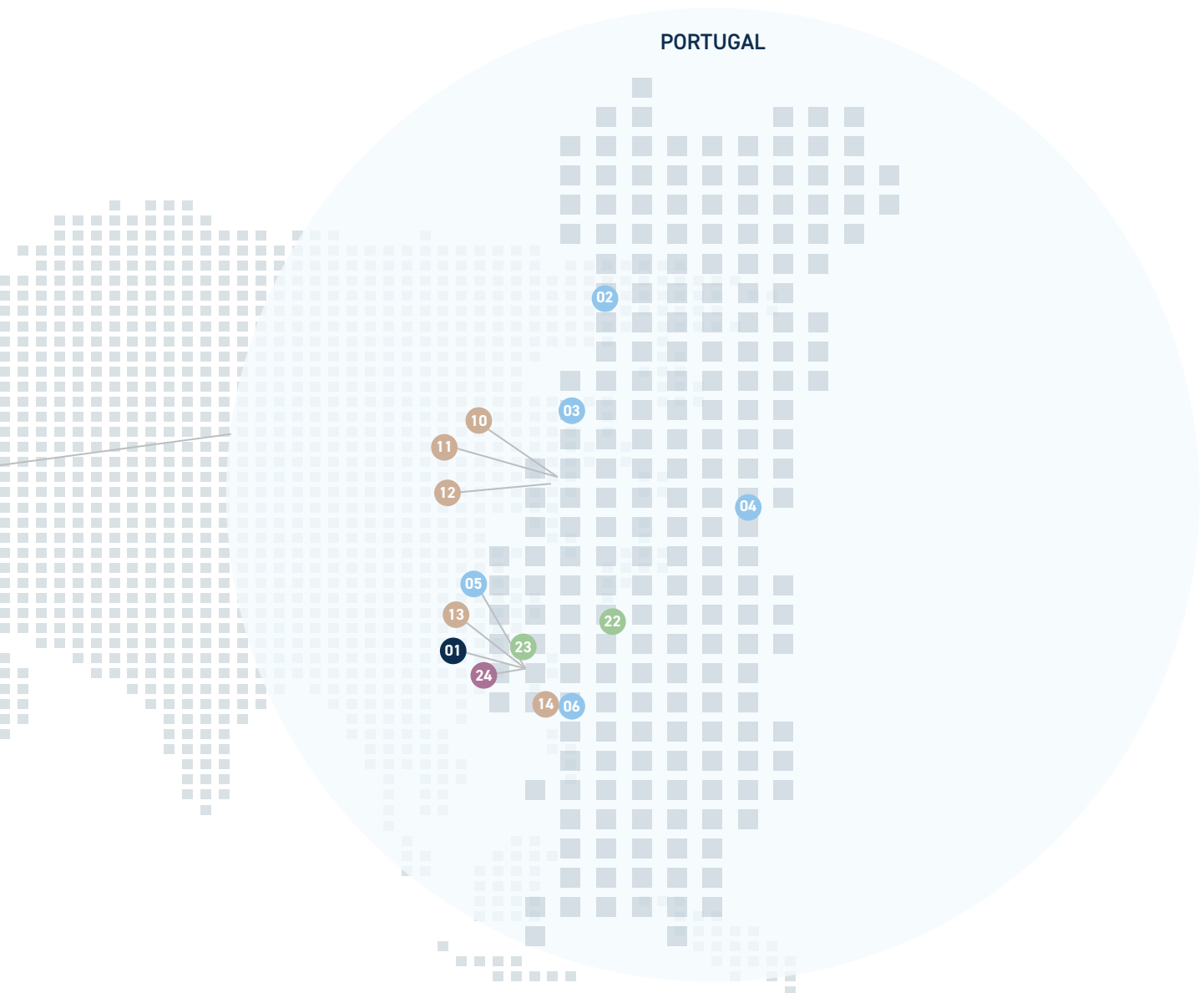
Semapa's core activity is the management of holdings, organised into four industrial business areas, three of which are industrial.



Note: Specifically, the holding company Semapa holds 69.35% of THE NAVIGATOR COMPANY; 99.998% of Secil; and 99.99% of ETSA.

WHERE WE ARE





HOLDING
Semapa

- 01. Lisbon Office

PULP AND PAPER
Navigator

- 02. Aveiro Factory
- 03. Figueira da Foz Factory
- 04. Vila Velha de Rodão Tissue Factory
- 05. Lisbon Office
- 06. Setúbal Factory
- 07. Maputo Office

CEMENT
Secil

- 08. Terneuzen Terminal
- 09. Vigo Terminal
- 10. Maceira-Liz Factory
- 11. Maceira Lime Factory
- 12. Cibra-Pataias Factory
- 13. Lisbon Office
- 14. Secil-Outão Factory
- 15. Gabès Factory
- 16. Funchal Terminal
- 17. Sibline Factory
- 18. Praia Terminal
- 19. Lobito Factory
- 20. Adrianópolis PR Factory
- 21. Pomerode SC Factory

ENVIRONMENT
ETSA

- 22. Coruche Factory
- 23. Santo Antão do Tojal Factory

VENTURE CAPITAL
Semapa Next

- 24. Lisbon Office

OUR IDENTITY

All companies of the Semapa Group have a clear mission that is embodied in a vision for the business based on strategic values and principles emanating from the parent company and which constitute overall the Group's identity.

MISSION

To be a **benchmark** for **investment management** in key sectors of the **Portuguese and international economy**, aware of the principles of **sustainable development** and capable of balancing the requirements of creating returns for shareholders with an attractive project for professionals and a deep **social and environmental conscience**.

STRATEGIC PRINCIPLES

- To achieve growth with added value for shareholders, with a view to sustainable development with a firm social conscience
- To maintain high standards of environmental responsibility and promote development of local communities
- To develop its Human Resources, providing them with attractive career opportunities
- To be ready for business opportunities and to make acquisitions with the potential for generating value

SEMAPA VALUES

- Social and environmental awareness
- Excellence, competence, innovation and entrepreneurship
- Discretion
- Respect, trust, collaboration and justice
- Integrity, ethics and honesty





A CHANGING WORLD

**THE SEMAPA GROUP IS
CONSTANTLY ADAPTING
TO A CHANGING WORLD**



3. A CHANGING WORLD

The companies are operating in a changing world. Their activities are impacted by the global trends and disruptive events, which forces companies to have a level of preparation and resilience in order to ensure the sustainability of their business. As a holding, Semapa wants all its subsidiaries to be aware of these trends and be prepared to face these challenges head on. The Group is also aligned in its responses to the different trends.

Preparation for the challenges of a changing world is central to our decision-making processes.

3.1 COVID-19: A RESPONSE

HOW DO WE DEAL WITH THE PANDEMIC?

The Covid-19 pandemic marked 2020. The priorities were redirected towards the health of the population, which required the implementation of a set of global contention measures. These measures led to a stoppage of many economic activities, the confinement of part of the population and the implementation of a set of new procedures to ensure the safety of workers in the activities that were not interrupted. The Semapa Group, due to its industrial nature, kept its operations open with the immediate activation of contingency plans, both at the group level as well as by its subsidiaries.

At the level of governance, a Crisis Management Office was set up with the goal of organising the functioning of Semapa and follow up, anticipate and define actions that mitigated the impacts of Covid-19 in the Group. Four monitoring groups were created:

- Preservation of the Health of Employees and Containment of the Epidemic ("Health")
- Communication
- Business Development and Continuity Plans
- Financial Plan (for contingency)

Each Group is made up of a responsible team, focused on the development of events on each of the fronts related to the holding and the subsidiaries. Semapa's contingency plan was drawn up within the scope of the Health Monitoring Group, defining the strategy for combatting the proliferation of Covid-19 over time.

In Semapa and in the subsidiaries, the effort put forth by everyone to contain and mitigate the effects of the pandemic on their activities is praiseworthy, as well as the adaptability of the Group's employees to the new ways of working and this new reality.

HEALTH MONITORING GROUP



MAIN GOALS

- Daily monitoring of the employees of Semapa and the Group companies
- Ensure good working conditions, monitoring the health of the employees and creating support conditions for them
- Maintain monitoring channels between companies and create synergies
- Produce reports on the subject for interested parties

INITIATIVES

Covid-19 Testing

Protocol with a laboratory to allow the employees to test for Covid-19

Clinical Support

Nossa Senhora do Bom Sucesso Foundation

Communication

Regular dissemination of information and guidelines for the employees followed directly

Occupational medicine

Support of occupational medicine for carrying out tests whenever necessary

Support for employees who test positive

Daily contacts with the employees who test positive to accompany the various realities

Other companies

Regular contacts through collaborative platforms for sharing the realities of the various companies and support, when necessary



COMMUNICATION MONITORING GROUP

MAIN GOALS

- Integration of the report by the various health areas, the progress of the business, and the financial plan
- Updating of the Semapa Contingency Plan
- Internal and external communication
- Permanent contact with the Crisis Offices of the subsidiaries

INITIATIVES

Communication group between subsidiaries

Communication platform that allowed a greater proximity between the various intervening parties of the companies

Monitoring of relevant information

Monitoring of all information that may affect the Group activities



BUSINESS DEVELOPMENT AND CONTINUITY PLANS MONITORING GROUP

MAIN GOALS

- Monitor the progress of the business and the continuity plans being developed in the subsidiaries
- Scenarios of discontinuity and the impact on the operating cash flow
- Induction of operational contingency actions to optimise short-term cash flow.



FINANCIAL PLAN OF MONITORING GROUP

MAIN GOALS

- Gain an integrated vision of the situation of liquidity and indebtedness of the Group and the subsidiaries in scenarios of extreme change
- Ensure the maximum financial capacity of the Group and Subsidiaries in the face of scenarios of extreme change in the business:
 - Maximisation of the lines of financing and their availability
 - Recourse to exceptional measures in the Government and the Financial System applicable to the Group

THE RESPONSE OF THE SUBSIDIARIES



“The Plan was prepared by a multidisciplinary working group, which involved corpo-rate areas of human resources, safety and health, communication and various areas of the business unit in Portugal”

“The pandemic has been and is still a challenge for all areas, in the way we relate and how we adapt to new working conditions.”

The pandemic caused by the coronavirus had an tremendous impact on Secil. Beginning in March 2020, the Company implemented a contingency plan and defined a crisis management model to contain the impact of the pandemic on its operations. This plan made it possible to implement a set of measures that enabled:

- slowing down the entry and propagation of Covid-19 in the Secil Group installations
- containing cases of infections
- minimising the impact on the operations and guaranteeing the continuity of the critical operations

The principle of Secil's contingency plan, whether in the plants or in teleworking, was the protection and safety of its employees through the anticipation and adoption of preventive measures to be implemented.

Within the scope of its response, measures were carried out on three fronts: Directives and General Guidelines, Installations, and People (which are described below). In order to facilitate the consultation by all employees, the contingency plan was made available in an e-book format, which can be browsed and is visually appealing.

At the level of internal communication, besides the formal dissemination of the measures adopted or the number of cases, positive recreational moments were created to stimulate the well-being of all, under the headings: The Positive Note; The Lunch Break; Life Goes On. Periodically, the communication shared messages of the various leaders with the Secil community.

PRINCIPAL MEASURES

DIRECTIVES AND GUIDELINES

- Duty of protection, with an indication of the general rules for the prevention of Covid-19 to be adopted
- Participation in external events
- Holding work meetings
- Service trips
- Social or institutional visits to facilities
- Training actions
- Use of spaces and elevators, with indication of the maximum permissible number of persons
- Network of medical contacts for distance care, based on Occupational Medicine and Curative Medicine

INSTALLATIONS

- Reinforcing cleaning and disinfections in installations
- Definition of rules for changing rooms and dining areas
- Restricted access conditions to locations considered critical for operability
- Redistribution of workspaces in operational areas
- Mandatory use of gloves and mask/visor by security guards at factory entrances
- Restriction of access to the company's premises by permanent contractors
- Obligation to submit negative screening test for admission to facilities by contractors or one-off visitors
- Daily Temperature Control Measure at the entrance for all employees

PEOPLE

- Definition of functions and rules for teleworking
- Turnover rules for operational and business functions
- Guidelines for disinfection of shared workstations and operational equipment
- Guidelines for drivers and vehicles
- Protective conditions for employees on the premises - Operation Kit (alcohol gel, mask and gloves)
- Mandatory use of mask for all employees and service providers on the premises and visits to customers
- Periodic communication of issues related to well-being
- Creation of the Mission + Near Initiative, a communication channel based on a support network between colleagues, initially to accompany colleagues in the operations and then extended to colleagues working in home-office
- Follow-up by tracking the line of all suspected or confirmed cases
- Creation of a psychological helpline for employees in the field of mental health and well-being



THE
NAVIGATOR
COMPANY

Navigator's first concern was for the protection of people in all its facilities.

The Navigator Company's response to Covid-19 entailed the implementation of a detailed contingency plan. Faced with the first signs of an unprecedented crisis and for which there were no manuals, the Company created a crisis management system with the participation of those responsible for the industrial, forestry, commercial, purchasing, human resources management, occupational medicine, internal and external communication, health and safety at work and facilities management; this was essential for the operationalisation of the Contingency Plan. In addition, a Crisis Management Office (CMO) was created with the mission of monitoring the evolution of the pandemic on a daily basis, defining measures for the protection of employees and ensuring business continuity. In a dynamic way, the Company adopted many measures, not only in the manufacturing areas, which represent the majority of Navigator's activities, but also in the areas of forestry and other facilities managed by the Company.

PRINCIPAL MEASURES

INSTALLATIONS

- Mass testing plan
 - Control initiatives such as temperature measurement
 - Reinforcing the cleaning and disinfection of all operational areas
 - Own production of disinfectant solutions in the laboratories of the various industrial complexes
 - Always maintain safe distances in the various spaces, and mandatory use of personal protective equipment whenever the functions do not allow maintaining this distance
 - Suspension of all visits to any Navigator facility, including commercial visitors
-

PEOPLE

- Creation of psychological support lines and human resources issues related to Covid-19 with coverage to all employees
- The basic internal communication on Covid-19 made via intranet, email or posting of physical information
- Adoption of a teleworking regime for all employees performing compatible functions
- Provision of kits to be used in the disinfection of workstations by employees
- Distribution of kits with masks for individual protection to all employees of the Company and resident external employees, whenever their employers do not do so
- Recommendations for wearing a mask inside the premises
- Reduction of journeys between factories to the essential and reduced capacity in Navigator transport's services



All Departments were involved in the decision of the measures to be implemented in order to ensure the continuity of the operations

In March 2020, ETSA implemented its contingency plan, based on the guidelines of the Directorate General of Health, describing the actions and measures to be implemented to prevent the contamination and spread of coronavirus within the Group.

This plan defined the responsibilities of each of the departments, resulting in the streamlining of the process of communication and the decision of the measures to be implemented, particularly with regard to the impact on operations, ensuring their continuity and the protection of the employees.

The plan was reviewed and updated whenever necessary, following the evolution of the epidemiological framework of Covid-19, intensifying safety measures and procedures whenever necessary.

PRINCIPAL MEASURES

INSTALLATIONS

- Reinforcing the cleaning and disinfection of the spaces
- Definition of the rules for the use of common spaces
- Temperature monitoring at the entrance to the installations
- Reorganisation of the work spaces, by installing acrylic barriers
- Mandatory use of mask or visor inside the ETSA Group installations

PEOPLE

- Production of alcohol gel for use by all employees inside the installations
- Distribution of individual kits with masks and alcohol to the employees and their families
- Teleworking regime for all compatible functions
- Acquisition of means to enable employees to work in a teleworking regime
- Creation of mirror teams
- Avoid physical contact between employees during shift changes
- Reinforcement of the communication of prevention and protection measures
- Accompaniment of all the positive cases

AN EXTERNAL RESPONSE

The responses of the Group companies went beyond their activities, with direct actions with the communities, through the provision of protective equipment – masks, gloves and suits – to the various hospital centres and by Navigator and Secil in the locations next to their operations. Navigator also contributed to the purchase of radiology equipment for the Hospital of Figueira da Foz, which allowed conducting diagnostic tests of the disease resulting from coronavirus infection. In turn, Semapa joined the João Lobo Antunes Institute of Molecular Medicine (iMM) in order to support research in the fight against the pandemic.

■ IN THE HOLDING



“We feel an increased responsibility to contribute to the fight against this pandemic” CEO of the Semapa Group

SUPPORT FOR SCIENTISTS IN THE FIGHT AGAINST COVID-19

At the start of the pandemic, the Semapa Group, as a socially responsible company, sought to contribute to the fight against the Covid-19 pandemic. Consequently, a partnership arose with the João Lobo Antunes Institute of Molecular Medicine (iMM), in order to support the projects this organisation is carrying out. This support was essentially channelled to the acquisition of equipment, material and resources to improve the installed capacity of diagnostic tests in a first phase and in the development of scientific projects that enhance the knowledge of this disease, trying to prevent new waves of the epidemic. Thus, the Group supported the iMM Operational Plan to combat the pandemic, which included the monitoring of the spread of the virus and population immunity, as well as the in-depth study of COVID-19.



Semapa's Group support for these projects is part of a wide range of prevention measures to safeguard the collective health, which we have implemented internally. We feel an increased responsibility to contribute to the fight against this pandemic, and support for the Institute of Molecular Medicine is a fundamental step in this mission. We want, above all, to contribute to the return to social and economic normality," said João Castello Branco, CEO of the Semapa Group, in regard to this partnership in April 2020.

■ IN THE PULP AND PAPER SECTOR

NAVIGATOR'S INVOLVEMENT WITH WBCSD IN THE COMPANIES AND COVID-19 PROGRAMME



In the early stages of the pandemic, Navigator was one of the companies involved in the WBCSD's challenge to create a relevant, large-scale corporate response to the looming crisis.

So it was that, as soon as the WBCSD COVID-19 Response Programme was launched, the Company shared examples of the extraordinary measures undertaken to address the pandemic, not only targeting its employees, but also those measures that were intended to support the communities surrounding its factories. The document "THE NAVIGATOR COMPANY: COMMITTED TO A SHARED EFFORT" is part of a collection of examples of companies from multiple sectors that the WBCSD has disseminated, which is available on the Company's website.

Also in the context of the responses to COVID-19, Navigator was one of the companies that shared with the WBCSD information on the strategies adopted to strengthen the support given to its employees under COVID-19. The Company's psychological support programme is one of the examples available in a repository of emerging practices for the recovery of health and business that the WBCSD has gathered on its page "Return to New Normal – Employee Health and Business Recovery", dedicated to the reaction of companies to the context of the pandemic.

3.2 THE GLOBAL TRENDS

HOW ARE WE DEALING WITH THE CHALLENGES OF THE INTERNATIONAL AGENDA?

Changes in the economy, the development of digital technologies, the collective recognition of our responsibilities in climate change and the increase in inequalities are all trends that present major challenges. These challenges are also opportunities for the future.

Whether related to climate, local communities or social inequalities, these challenges require a new commitment from businesses, particularly from a company like Semapa, given its weight in the domestic economy. In all its lines of business, the Group seeks to develop new models that combine economic performance with a positive impact on society and to mobilize its investments in projects that are sustainable and therefore contribute to a common good.

In 2020 it became clear how disruptive events on an international scale can affect business activities, creating the need for organisations to be prepared and resiliently adapt to different international challenges, which may be preceded by events such as the COVID-19 pandemic.

Among these challenges there are those that stand out, common to various sectors of activity, and therefore require a horizontal response of the society in which the Semapa Group is integrated.

CLIMATE CHANGE AND RESOURCE SCARCITY

2020 should be considered a year of "awareness" to the impact of anthropogenic activities, the issue of climate change remained on the agenda, because, like the pandemic, it represents an imminent threat, having been declared a climate emergency by the European Commission since the end of 2019. Under the current standards, the sustainability of economic activities is at risk, so the transition to more sustainable economic models is becoming increasingly evident.

It is in this sense that the European Union is moving towards the launch of the European Ecological Pact, which includes a number of relevant initiatives:

- European Climate Law – which includes the EU's goal of achieving climate neutrality by 2050,
- EU Biodiversity Strategy – with the aim of creating protected areas and reclaiming degraded habitats by 2030
- "Farm-to-fork" strategy – which aims to promote the fair transition of the agri-food system in the EU
- European industrial strategy – to promote and lead the transitions towards climate neutrality and digital leadership

The EU focuses on nine strategic areas of activity, and in addition to those already mentioned, it also includes the Circular Economy and the Fair Transition. Furthermore, the EU Recovery Plan 2021-27, a mechanism launched to address the Covid-19 health crisis and its socio-economic consequences, is based on growth with a climate neutral impact through the European Ecological Pact and where at least 30% of the EU budget expenditure will support climate goals.

EU targets

Reduction of green-house gas emissions by at least 55% in 2030 compared to 1990.

Establish protected areas on at least 30% of Europe's land and sea.

SEMAPA GROUP'S RESPONSE

Semapa and its subsidiaries, being a mostly industrial-based group, are fully committed to the challenges of climate change and resource scarcity and they are, therefore, very aware of the need to be aligned with this new orientation of sustainable European growth.

All the subsidiaries are contributing to the Group's journey along this path, from the quest to develop green products – such as Secil's low carbon clinker, the decarbonization of The Navigator Company's industrial units, ETSA's circular business model – to the search for innovative Semapa Next partners.

Examples of projects:

- THE NAVIGATOR COMPANY: **Roadmap to Carbon Neutrality in 2035.**
- SECIL: **Clean Cement Line Project**
- ETSA: **Roadmap to Carbon Neutrality in 2035**

More information in chapter: [8.2 Climate Change and Energy](#)

TECHNOLOGICAL PROGRESS AND USE OF DIGITAL TECHNOLOGIES

Industry should contribute to Europe's ecological transition and make it the world's first continent with a neutral impact on the climate by 2050.

Digital technologies are changing the face of industry and the way economic activities are being developed. They are transforming the way we live and work, with the generation of new relationship models in companies and the society. Digital transformation has great potential in solving current social and environmental problems. From the 4th industrial revolution to digitisation, conventional production models are changing and integrating new solutions that allow us to achieve competitive advantages.

In 2020, as a result of the COVID-19 pandemic, the area of digitisation gained greater importance, where information technologies became essential means for companies to continue operating, but also to ensure other activities such as education and trade. It was a year of adaptation and the implementation of new processes and methodologies that most sectors had to embrace.

The importance of investing in the leverage of digital transformation has become even more evident, and this is one of the foundations of the new Industrial Strategy, integrated with the European Green Deal, and which will be the engine for Europe's industrial transformation. This modernisation will also be supported by other initiatives at the European level, such as the Fair Transition Fund and the Digital Europe Programme, which are an opportunity for the various sectors and businesses.

SEMAPA GROUP'S RESPONSE

Investment in technological development and innovation is not only a challenge, but a set of opportunities that the Group has been integrating into its business models. Industry 4.0 is already part of its strategies, seeking an opportunity to improve its processes. Some of the Group's factories are already technologically developed, with production that is increasingly automated and monitored by software, which allows for more efficient management. At the same time, companies are investing in innovation in the product area, with the aim of delivering their customers new, more sustainable products with lower impact.

Connectivity and digital collaborative work tools played an important role during 2020. Although the Group's business are mainly linked to industry and its employees continued in person work in the manufacturing centres, digital tools were essential for corporate areas. Thus, the Group used a package of digital work tools to ensure collaboration between teams, as well as the proximity of their customers and consumers.

Furthermore, aware of the importance of technologies and digitisation, the company Semapa Next strengthened this component of the Group, with a portfolio of innovative Start-ups that can help the transformation of the Group's companies.

Examples of projects:

- THE NAVIGATOR COMPANY: **New product Amoos Aquatech™ Soap, in the fight against COVID-19**
- SECIL: **Low Carbon Clinker, clinker production with lower CO₂ emissions**
- ETSA: **New industrial unit, called ETSAProHy**
- SEMAPA NEXT: **Active participation in the Global Sustainability Challenge**

More information in chapter: **6.3 Innovation, Research and Development**

DEMOGRAPHIC AND SOCIAL CHANGES

In 2070, it is projected that 30.3 % of Europe's population will be 65 or older, 10% higher than in 2019.

Europe has been going through a period of profound demographic and social change, which gained momentum with the impact of the COVID-19 pandemic. A recent European Commission study identified the increase in average life expectancy, an ageing population, migrations inside and outside Europe, the reduction in birth rates and the average size of households, as Europe's major demographic trends.

These trends pose challenges for different countries, including the decrease in the working age population, estimated at 18% by 2070 in Europe. This will entail finding ways to support economic growth by bringing more people into the labour market and increasing productivity, and companies play a key role in solving this challenge.

Promoting a broader and more inclusive market is one of the strategic axes to deal with this issue, by increasing the employability rate of women, reconciling work and family life, investing in the qualification of the population with lower levels of education or harnessing the potential of senior employees. On the other hand, the increase in productivity must encompass the management of talent, training and qualifying human resources, so they are adapted to the future of their work. Companies are jointly responsible with governments for preparing their people for the climate and digital transitions that Europe is leveraging, in order to develop the capabilities and adaptability of human capital for these changes.

SEMAPA GROUP'S RESPONSE

The demands that demographic trends may acquire, as well as the needs associated with adaptation to the future of work, are two issues addressed by the Group, and its subsidiaries. The group's talent management areas are focused on creating an attractive business environment, in order to capture the younger talent so as to ensure the sustainability of Human Capital; and in the development of its employees, through technical and non-technical training (Upskilling), guided by career plans and customised to the needs of each of the companies.

Examples of projects:

- GROUP: **Succession Plans for leadership positions**
- THE NAVIGATOR COMPANY: **New Performance Management Model**
- SECIL: **People Days, People at the centre of the discussion**
- ETSA: **ETSA Training Programme**

More information in chapter: [7.1 Human Capital and Talent](#)

THE FUTURE OF WORK

85 million jobs will be automated in the next 5 years.

The European Commission's strategy is focused on the transition to a carbon-neutral and digitised economy, which will impact the future of work. This transition will be based on innovation and technological diffusion, through more circular and digital economic models, where the preparation of human capital will be a key theme.

New strategies for industry and digitisation, such as the European Green Deal, will boost the competition of the markets, where automation and new technologies will impact the productivity of human capital in the future. Employment will change and with this there will be new functions in need of new skills. It is therefore essential to prepare for the impacts on the labour market, the path laid out by Europe, through the investment in the preparation of people and in their training, in order for them to adapt not only to the new functions, but also to improve the productivity of their current tasks (associated with the concepts Reskilling and Upskilling in the various documents on this trend).

The pandemic showed how important it is to adapt human capital to new realities, albeit out of necessity, and it accelerated the change in processes and the way companies worked, including the largest remote work experience in history, involving about 39% of OECD workers. In response to the crisis, more than 50% of global businesses have accelerated task automation, with more than 30% promoting/accelerating the implementation of requalification programmes, according to the World Economic Forum's 2020 report The Future of Jobs.

SEMAPA GROUP'S RESPONSE

The adaptation of human capital to what is called future of work is a subject closely monitored by all companies of the Semapa Group. In order to ensure the sustainability of its human capital, the Group has invested in attracting younger talent, in training (Upskilling), oriented to the present and future needs of the companies.

With a mostly industrial activity, the automation and digital transformation of production are a challenge for the Group's Companies. Therefore, it is essential to ensure that their human capital is trained and adapted to the new processes, which will involve the strategy of recruitment and integration of people, as well as the ongoing investment in training.

Examples of projects:

- THE NAVIGATOR COMPANY: **New skills programme**
- SECIL: **Feedback 360°**
- ETSA: **ETSA Training Programme**

More information in chapter: [7.1 Human Capital and Talent](#)



VIVEIROS SECIL
PATRIMÓNIO DA SERRA DA ARRABIDA

Estudo e Monitorização da fauna.
A criar mais abrigos para fomentar a fauna.



SECIL
Sociedade de Gestão de Recursos





CORPORATE SUSTAINABILITY MANAGEMENT

**IN CONJUNCTION WITH
ITS SUBSIDIARIES,
SEMAPA HAS BEEN
MATURING THE WAY IT
MANAGES THE
SUSTAINABILITY OF ITS
BUSINESS**

4. CORPORATE SUSTAINABILITY MANAGEMENT

To respond to the challenges of today and in line with our various markets, we are strongly committed to sustainability.

The Semapa Group is governed by a set of Criteria for Sustainable Action that are described in its Letter of Commitment. All companies in the Group subscribe and undertake to comply with this Letter, In addition to each of them adhering to other commitments, such as the United Nations Global Compact (Semapa), the Charter of Principles of the BCSD - Business Council for Sustainable Development Portugal - (Navigator and Secil), and Letter of Commitments of the Global Cement and Concrete Association (Secil).

Semapa's creation of business value involves valuing Our People, the Protection of the Planet and the sharing of value with the Community, which constitute the pillars of our Group's action for a more sustainable future.

4.1 GOVERNANCE

HOW ARE WE MANAGING SUSTAINABILITY?

Corporate governance best practices are the essence of ethical and responsible organisations. As far as sustainability is concerned, Semapa has its own Governance structure, thereby seeking to reinforce the work that its subsidiaries already perform and to lend more coherence to Group activities.

Charged with the functions of sustainability management at the strategic level in the Group, the **Sustainability Committee** depends in functional terms on the Group's Executive Committee, and is the body responsible for the development and implementation of sustainability initiatives, approved by the Board of Directors. At the operational level, the Committee consists of a set of Working Groups, where the various cross-cutting sustainability themes are developed, with an approach to aggregating and aligning the efforts of all the Group's companies.

GOVERNANCE MODEL AND WORKING GROUPS

In 2020, Semapa restructured its governance model, based on a process of reflection at the level of the Sustainability Committee on the strategic themes for the Group. With the identification of the issues considered as structuring, nine working groups (WGs) were constituted, with their coordinators and activity plan.

The goal of these groups is to foster synergies between Semapa Group companies through collaboration in joint projects and initiatives in each of these areas. Each group functions independently under the leadership of their coordinators. The groups meet monthly in the context of the meetings of the Sustainability Committee, and there are also specific meetings whenever justified.

More than the sharing of good practices within the Group, the Working Groups aim to develop joint guidelines for the various priority areas in order to establish Semapa's position on them.

In addition, there are other Corporate Bodies with responsibilities in Semapa's priority areas, such as the Corporate Governance Committee, responsible for governance, and the Talent Committee, with responsibilities in the human resources area.

IN CONVERSATION WITH THE COORDINATOR OF THE SUSTAINABILITY COMMITTEE OF THE SEMAPA GROUP



AFONSO LOBATO DE FARIA

■ What do you think the importance of a Sustainability Committee is in the strategy of a group like Semapa?

The Semapa Group carries out its activity with a commitment to the current and future generations, and for that reason sustainability has to be at the core of the management of all the companies that make up the Group. The creation of the Sustainability Committee emphasises the importance that the Group places on this matter and enables Semapa to manage this strategic issue in an organised and cohesive manner, allowing all Group companies to be aligned in compliance with the cross-cutting guidelines of the holding company.

The Semapa Group consists of various companies operating in different sectors, however there is a common history of numerous initiatives in the area of sustainability. The sharing of this in depth knowledge on the various issues of sustainability combined with the establishment of ambitious goals for the future were important reasons for the creation of these different working groups, which were the result of strategic and open discussion on the main issues where the Group can contribute to a more sustainable development of society.

The Sustainability Committee, composed of professionals from the Group's various companies and distinct areas of knowledge, is a strong indication that the Group sees the challenges of sustainability and the quality of life of the population as a priority. The Committee is divided into working groups, where there is a dynamic of continuous improvement, achievement of demanding objectives and the development of projects involving the realities faced by the various companies of the Group and its stakeholders.

■ In your view, how will the Sustainability Committee Working Groups leverage the implementation and resolution of such important issues of the Sustainable Development Agenda within the Semapa Group?

Firstly, I would like to explain that the Committee is divided into four major areas of concern (Environment, Social, Governance and Reporting), and within each of these there are specific working groups in which each group has a coordinator and is made up of members of all companies of the Semapa Group. It is, therefore, a movement that involves dozens of Semapa professionals united for the purpose of accelerating the establishment of good sustainability practices in the Group.

Each Working Group has an agenda that involves sharing best practices between the different companies, identifying and implementing priority projects, and defining and achieving objectives on each of the issues.

All the issues are important, but I would like to highlight two areas in particular:

The first is in the Working Group on Decarbonisation, where each company has a roadmap to reduce its greenhouse gas emissions. From Navigator's commitment to achieving carbon neutrality in its plants in 2035, to Secil's ambition to reach carbon neutrality in the concrete value chain in 2050, to ETSA, which outlined a plan to reduce its emissions by 15% in 2025, the Semapa Group wants to be a pioneer in this domain, which is essential for our future.

The second focuses on people and more particularly on their health and safety. 2020 was marked by the crisis that forced the Group to focus its action on the protection of its professionals. The sharing of experiences on this topic was essential for the implementation of robust contingency plans and for the prevention of outbreaks in the Group's various factories. The Safety Roadmaps of these different companies are a clear reflection of the Semapa Group's ambition in this matter.

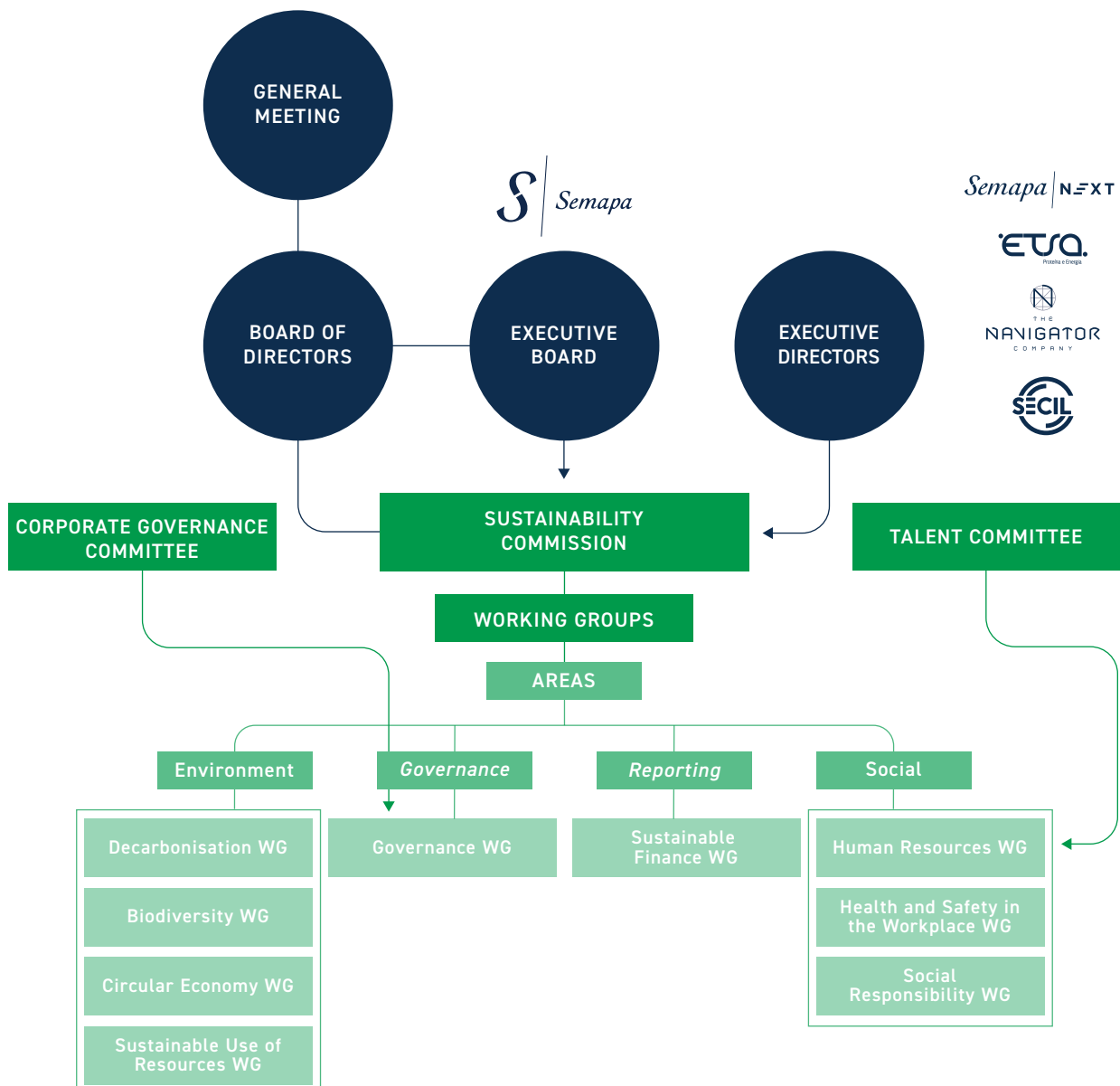
■ What are the main challenges facing this Committee for the next decade?

We all know that the next decade will be the one for achieving the aims of the United Nations Sustainable Development Goals. The Semapa Group therefore sees meeting these goals as a demanding challenge, but one that is achievable through the implementation of innovative measures. Innovation will therefore be the key to solving the new problems we face in sustainability.

In this area, I would like to highlight the important role of Semapa Next in investing in technologically innovative start-ups, particularly in the area of sustainability, as is evident in the bet on the Global Sustainability Challenge, which is dedicated to the subject of sustainability analysis in the value chain of the companies.

That is how I believe that the Semapa Group will be up to the task and, within its possibilities, be part of the solution to the demanding challenges that our society will have to face in the coming decades.

GOVERNANCE MODEL FOR SUSTAINABILITY



In a first phase, the main objective of these WGs was to draw up a status report on each of the companies in relation to each area of concern, from the initiatives, projects and possible goals or targets already established. At the same time each WG carried out benchmarking to identify a set of initiatives to be implemented jointly, and selected a variety of projects that are currently being analysed.

As the focus of the groups is the construction of a path common to the Group, the sharing of experiences and knowledge between companies aims to leverage some projects and level the Semapa Group's response to these structuring issues. There are some company flag projects, which are being monitored by Semapa through these WGs and which are a reference for the subsidiaries. Some examples are presented below.

MAIN PROJECTS FOLLOWED BY THE WGS

■ WORKING GROUP FOR DECARBONISATION

The WG is following the plan of each of the Semapa Group's subsidiaries for the decarbonisation of its activities. All the segments are taking steps to reduce their emissions and decarbonise their operations, and these practices are being discussed in Semapa's Decarbonisation Working Group in order to establish a common strategy and design a carbon roadmap for the Holding.

As of this report, two of the Group's companies have already established concrete investment plans aimed at reducing emissions in their operations, with established targets of:

- 1) Navigator intends to achieve an 85% reduction in emissions in industrial complexes by 2035 through the Company's Roadmap for Carbon Neutrality. This year was marked by the start-up of the new Biomass Boiler of the Figueira da Foz Industrial Complex;
- 2) ETSA aims to reduce 15% of manufacturing emissions by 2025 through a 2 million euros investment plan.

Investments in these plans are mainly based on the transition to renewable energy and increased energy efficiency. On the other hand, in 2020 Secil committed to the 2050 Climate Ambition of the cement industry sector, which aims at carbon neutrality of concrete in 2050 and which outlines some guidelines for the sector to achieve carbon-neutral concrete in the next thirty years. This objective is also outlined by the Roadmap 5C of the European Cement Association (Cembureau) to which Secil is also bound. As described below, Secil already has a large investment in decarbonization underway, the CCL – Clean Cement Line project, to be completed at the Secil-Outão Factory by 2023.

These initiatives are being monitored by the Decarbonisation WG and the detailed sharing of these plans and results allows companies to rely on the design of the strategy to reduce CO₂ emissions.

All the initiatives are detailed in **Chapter 8.2**.

■ WORKING GROUP FOR BIODIVERSITY

The WG is monitoring the work carried out by the subsidiaries on biodiversity conservation and protection. Navigator and Secil stand out in this WG since their activities, mainly in obtaining raw materials, directly impact areas with great value in terms of biodiversity. Both companies have a number of initiatives underway in the context of maintaining ecosystem services and for biodiversity conservation.

The Group has been monitoring the initiatives undertaken by both companies, mainly the work carried out by Navigator, under the Forest Certification, which ensures the sustainable management of the forest, and the work that Secil has done in the ecological recovery of its quarries, in order to restore biodiversity and their ecosystems.

Furthermore, each of the companies has presented to the WG some of the partnerships they have engaged in to achieve their objectives under this topic, which bring added value to their role in the Semapa Group. An example of these partnerships was Navigator's subscribing to the Act4Nature commitments in 2020, a multistakeholder initiative of BCSD Portugal.

All the initiatives are detailed in **Chapter 8.4**

■ WORKING GROUP FOR CIRCULAR ECONOMY

Semapa has been following the work carried out in the circular economy by the subsidiaries and the creation of this group has made official the channel of sharing best practices between companies, identifying synergies between industries and benchmarking possible common initiatives.

With the identification and sharing of the initiatives of each of the companies, within the scope of the WG, it was possible to understand that this circular model is already integrated into the value chain of the Semapa Group, where the circularity, reuse and recycling of materials have allowed companies to obtain economic and environmental gains of some significance. In addition to maximising resource consumption efficiency in their production processes, with the recirculation of materials or the use of by-products, they also began to explore partnerships within and outside the Group in order to extend the useful life of by-products. The partnership between Secil Britas and The Navigator Company emerged with this purpose in mind, a project that aims at incorporating the sands extracted from the fluidbed of Navigator biomass boilers for mortar production by Secil Britas.

Since ETSA business is based on the principles of the circular economy, there are multiple examples of by-products that are reintroduced into the value chain.

All the initiatives are detailed in **Chapter 8.3**

■ WORKING GROUP FOR THE SUSTAINABLE USE OF RESOURCES

The Semapa Group aims to minimise the impacts of its activities on the planet and it is on this commitment that this WG focuses. From the consumption of raw materials, the reduced energy consumption of fossil origin and an increased efficiency in energy and water consumption, all the companies are working to reduce their footprint. The diversity of solutions adopted is an important repository of initiatives and experiences that provide relevant efficiency gains when shared in the Group.

In terms of energy, the WG is monitoring the projects associated with Navigator's and ETSA's Carbon Roadmaps, which integrate projects that will allow the transition to energy consumption with less carbon impact while increasing energy efficiency. At the same time, the WG is attentive to the results of the Clean Cement Line, a project that Secil is working on, with the creation of a production line with significant gains in terms of energy consumption and a reduction of CO₂ emissions.

Similarly, the WG has given its attention to the water resource and the initiatives that the subsidiaries have implemented, both in order to reduce their use and to return them to the environment. Navigator's ambition with the implementation of the Water Use Reduction Programme stands out, which points to a reduction in the specific use of water, with a view to meeting the target of a 33% reduction by 2030. This Programme is a benchmark for the WG and an example for the other companies of the Semapa Group.

It is important to highlight the results already achieved by Secil in the recovery of fuel from waste, the plans to reduce the use of water implemented in Navigator and the reduction of its emissions, as well as ETSA's achievements in the production of biofuels, not forgetting the important gains made by all the companies in terms of energy efficiency.

In addition to these resources, the WG is monitoring other topics such as atmospheric emissions, odours, noise and waste.

All the initiatives are detailed in **Chapter 8.**

■ WORKING GROUP FOR HUMAN RESOURCES

Human capital has always been a priority of the Semapa Group and a topic addressed by the Talent Committee of Semapa. Thus, the integration of the work carried out by the Talent Committee in the sustainability governance model of Semapa gave rise to the Working Group on Human Resources. This WG was created for the purpose of standardising and positioning Semapa in a more robust way to attract, develop, compensate and retain at every moment the best professionals in the areas of knowledge it needs, being able to offer professional experiences in the various companies that make up the Group.

In the topics under discussion within this WG, the methodologies of talent management stand out, in order to gain a more thorough knowledge of the Group's potential and talent. In this regard, all the companies in the Group have been investing in better performance evaluation models in the analysis of development needs, training and succession plans.

We highlight common initiatives such as the Mapping of Directors, the annual Talent Review of Directors, with the participation of the corresponding CEOs, the Mapping of Potential Successors, a Salary Benchmark and a study on Long-Term Compensation Models, as well as the completion of the Leadership Development Exercise, which enabled the making of an assessment of the strengths and aspects for improvement in the top leadership.

These and other initiatives of the subsidiaries are detailed in **Chapter 7.1**

■ WORKING GROUP FOR HEALTH AND SAFETY IN THE WORKPLACE

The well-being, health and safety of its employees have always been a priority of the Semapa Group, so this WG for health and safety in the workplace was one of the first task forces set up by the Sustainability Committee. The pillars of this WG are the sharing of good practices and a helping spirit, in order to align the level of excellence of the Group and challenge companies through common initiatives, on priority issues in the area of safety and health. In addition to the performance within the Semapa Group, the WG benchmarks the best practices of the sectors, thereby fostering growth in the excellence of the Group's safety culture.

Within the scope of this WG, the safety roadmaps of each of the subsidiaries have been monitored, with the sharing of measures and results so that, through experience, improvements can be implemented.

In addition to the launch of the new generations of Safety Roadmaps – both Navigator's and Secil's – and the integration of the Occupational Health and Safety area within the ETSA organisation chart, 2020 was marked by the work of the WG in the context of the response to COVID-19, in conjunction with the COVID Monitoring Committee, which, in a structured way between all the companies of the Group, prepared the Contingency Plan for the pandemic and made the decisions that were most appropriate at each moment.

These and other initiatives of the subsidiaries are detailed in **Chapter 7.3**

■ WORKING GROUP FOR SOCIAL RESPONSIBILITY

At Semapa, social responsibility is a structuring axis of the Group's activities, directly through the holding company and indirectly through the subsidiary companies. The Group has a deep connection to local communities and, in many cases, connections going back several decades.

This WG allows the Semapa Group to align its initiatives and connect the various fronts of action in the community, with a view to impacting a greater number of lives. In addition to the sharing of initiatives and results carried out during the year, in 2020 the work carried out by the WG in the context of the response to COVID-19 stands out. In addition to support for research, through the Institute of Molecular Medicine (iMM), the companies donated personal protective material and equipment to several hospitals, in order to support the front line in the fight against the pandemic. Additionally, the Group looked for ways to support economically affected families through donations to organisations such as the Banco Alimentar Contra a Fome and ReFood, which support families dealing with hardships.

These and other initiatives of the subsidiaries are detailed in **Chapter 9.**

■ WORKING GROUP FOR SUSTAINABLE FINANCE

The WG was formed within the scope of implementing a strategy for the development of non-financial metrics for sustainability, in order to respond to the requests of the various stakeholders of the Semapa Group. Assuming the importance of this issue, this WG is working on building an ESG indicator management model, appropriate for Semapa's profile, as a holding company with segments in various sectors, which will allow the evaluating and analysis of non-financial material topics. This tool will bring added value because it will not only allow the Group to be involved and report on its performance to shareholders and other stakeholders, but also to access markets in terms of sustainable financing.

In this regard, the meetings of this WG have been a space for sharing experiences and benchmarking on the subject, with a view to boosting this new strategy within the framework of non-financial metrics. It should be noted that this report already reflects some of the first reflections of this WG.

These and other initiatives of the subsidiaries are detailed in **Chapter 6.1.4**

■ WORKING GROUP FOR GOVERNANCE

This WG is integrated with the Corporate Governance Committee, with the objective of implementing the good practices of corporate governance as an essential instrument for economic performance, sustainable growth and financial stability. This year, the WG dedicated itself to the support of the integration and adaptation of the Group's companies to the references associated with the corporate governance of organizations – namely Semapa and Navigator – and accompanied the work carried out within the scope of the governance of Secil and ETSA.

These and other initiatives of the subsidiaries are detailed in **Chapter 6.2**

4.2 THE RELATIONSHIP WITH THE STAKEHOLDERS

HOW DO WE GET INVOLVED WITH OUR STAKEHOLDERS?

Semapa actively relates to its stakeholders in order to integrate their ideas and concerns in the decision making of each of its companies. The Group is continuously aware of and explores all opportunities to partner with its stakeholders, thus contributing to SDG 17.

The identification of the relevant stakeholders was made according to best practices and presented in previous sustainability reports. Below, Semapa's communication mechanisms are detailed, namely the way the relationships work and the means used with the different stakeholder groups.



4.3 MATERIALITY

WHAT ARE THE AREAS OF GREATEST RELEVANCE TO THE STAKEHOLDERS?

Semapa's impacts stem mainly from the activities of its various subsidiaries, so its materiality should include the themes of greatest relevance to the Group's companies.

In 2020, the materiality of the Semapa Group was updated with the integration of the most recent results on the relevant issues of companies in the Pulp & Paper, Cement and Environmental sectors. This evolution is described later in: "**Evolution of the Materiality**".

The result of this integration process was the creation of a list of 12 material topics, divided into two groups: **Corporate Topics (Core)** and the **Business Topics**. The **Corporate Topics** are equivalent to the previous horizontal topics, the relevance of which is made at the corporate level as a holding company. The Business Topics are equivalent to vertical material topics, and were included for the high direct relevance they have for the set of subsidiaries and therefore, for Semapa also.

All the topics deserve priority and ongoing attention, and it is now an instrument to support top management and decision-making.

■ EVOLUTION OF THE MATERIALITY

1ST ANALYSIS OF SEMAPA MATERIALITY

The 1st materiality analysis was carried out in 2018, based on a stakeholder engagement.

INCLUDED IN THE SUSTAINABILITY REPORT 2018

This Report was a response to the material topics, which resulted from the consultation.

THE NAVIGATOR COMPANY- NEW ANALYSIS OF MATERIALITY

Based on a thorough consultation with the stakeholders, the pulp and paper subsidiary updated its list of material topics.



■ RESULT - 12 NEW MATERIAL TOPICS

CORPORATE TOPICS - CORE

- Sustainable Value Creation
- Business Ethics
- Risk Management
- Human Capital and Talent
- Group Culture and Motivation

BUSINESS TOPICS - BUSINESS

- Water Management
- Climate Change and Energy
- Circular Economy
- Conservation of Biodiversity and Ecosystem Services
- Occupational Health, Safety and Well-being
- Community Engagement Local
- Innovation, Research and Development

4.4 OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

HOW ARE WE RESPONDING TO THE SDGs?

The Semapa Group is committed to supporting the United Nations 2030 Agenda, which sets 17 Sustainable Development Goals (SDGs) and therefore intends to align its strategy with these goals, assuming its responsibility as a company in the fulfilment of these ambitious global goals.

At Group level the SDGs have been revised and 2 levels of application have been identified:

- **Priorities:** goals that the Group is actively and directly contributing to
- **Support:** goals on which the Group has a direct or indirect impact

The exercise of identifying and selecting the goals was based on the value chain of each subsidiary, the assessment of the relevant key issues and the mission of the Group and each of the companies. We report on the progress in each of these goals by the operating companies and Semapa itself.

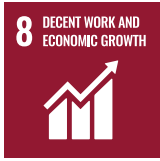


	8 DECENT WORK AND ECONOMIC GROWTH	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	15 LIFE ON LAND	17 PARTNERSHIPS FOR THE GOALS
PRIORITIES	Green	Green	Green	Light Green	Light Green	Light Green	Light Green	Light Green
	Green	Green	Green	Light Green	Light Green	Light Green	Light Green	Light Green
	Green	Green	Green	Light Green	Light Green	Light Green	Light Green	Light Green
SUPPORT	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green
	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green
	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green
	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green
	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green

Green Priority SDGs for the subsidiaries

Light Green Support/aspirational SDGs for the subsidiaries

PRIORITIES



The Semapa Group, as a large employer, both domestically and internationally, is focused on generating value, guaranteeing a decent job in all its companies. The issues related to Human Capital and Talent, Group Culture and Motivation, and Occupational Health, Safety and Well-being are strategic for the Group.

GROUP BEST PRACTICES

Investment in the development of the Group employees

The investment in the qualification of our employees is a priority for the Group. In 2020 the Semapa Group provided 149,531 hours of training.

Ensuring the Health and Safety of our employees

In 2020 this issue became essential to ensure the protection of the health of our employees and the functioning of the Group's activities. In this context, it was necessary to implement additional measures due to the COVID-19 pandemic. More information at 3.1. COVID-19: A RESPONSE.

WE ALSO HIGHLIGHT...



New Safety ROADMAP 2021-2025, new phase of a global tool, to define a common strategy for the SECIL Group, regarding Safety and Health at Work, encompassing all the geographic regions. Learn about this initiative in Chapter 7.3 OCCUPATIONAL HEALTH, SAFETY AND WELL-BEING.

Learn about all the Group's practices in Chapters: 7.1. HUMAN CAPITAL AND TALENT; 7.2. GROUP CULTURE AND MOTIVATION; 7.3. OCCUPATIONAL HEALTH, SAFETY AND WELL-BEING



The environmental impacts of the production processes are managed by all the companies of the Semapa Group and controlled through their strong policies and environmental management systems. There is also a growing concern for Water Management, Climate Change and Energy, Circular Economy and the Conservation of Biodiversity and Ecosystem Services

GROUP BEST PRACTICES

Our consumption of raw materials in 2020 was 21,670,368 tonnes

Making a business out of the circular economy



ETSA's operations focus on the recycling of food industry by-products, thus avoiding having to deposit them in a landfill with the consequent release of greenhouse gases, and contributing to the circular economy. More information on ETSA's activity in Chapter 8.3. CIRCULAR ECONOMY

WE ALSO HIGHLIGHT...



Semapa Next's participation in the Sustainability Challenge Programme, the goal of which is to make the supply chain more sustainable in participating companies through the innovative work of international start-ups.

Learn about all the Group's practices in Chapters: 8.1 WATER MANAGEMENT; 8.2. CLIMATE CHANGE AND ENERGY; 8.3. CIRCULAR ECONOMY; 8.4. BIODIVERSITY AND ECOSYSTEM SERVICES



The companies of the Semapa Group are committed to helping mitigate climate change. They take into account in their processes and the life cycles of their products, CO₂ emissions as well as carbon capture. Renewable energy and carbon neutrality are a priority and a long-term goal.

GROUP BEST PRACTICES

The transition to renewable energy

The Group is looking for alternative forms of energy to fossil energy. In 2020 the Semapa Group consumed 29,583,070 GJ of renewable energy.

The Navigator Company's decarbonisation plan underway



In 2020, a new biomass boiler was inaugurated in the Figueira da Foz industrial complex. This investment will enable the Company to reduce its fossil carbon dioxide emissions in the industrial complex by about 150,000 to 200,000 tonnes per year, representing 30% of the Group's emissions as early as 2021. More information at 8.2. CLIMATE CHANGE AND ENERGY

WE ALSO HIGHLIGHT...



In all the ETSA production units, biomass is used as a thermal fuel, replacing fossil fuels, making 80% of the Group's CO₂ emissions of biogenic origin. The main fuels are biological waste resulting from the manufacturing process and woodchips. Thus, the emission of CO₂ is avoided by not using fossil fuels, preventing this residue from being transformed into CO₂ and methane. Learn more about ETSA's work in this area in Chapter. 8.2 CLIMATE CHANGE AND ENERGY

Learn about all the Group's practices in Chapters: 8.2. CLIMATE CHANGE AND ENERGY; 8.3. CIRCULAR ECONOMY

SUPPORT



The Semapa Group is concerned about the health and well-being of its Employees, promoting policies and specific programmes in these areas.

WE HIGHLIGHT...

Navigator: In 2020, the Ergonomics Project implemented several improvements in the workstations in three more areas of paper production with the aim of improving posture and preventing musculoskeletal injuries, especially in the case of repetitive tasks.

ETSA: Access to curative medicine in all the companies and reinforcement in the Programme of Occupational Hygiene and Health, allocating a senior supervisor to directly manage this area.

SECIL: Safety Roadmap 2020-2025. Occupational Health Programmes and various health and wellness campaigns.

More information in chapters 7.2 GROUP CULTURE AND MOTIVATION; 7.3. OCCUPATIONAL HEALTH, SAFETY AND WELL-BEING



Promoting the personal and professional development of employees is a commitment of the Semapa Group. The attraction and retention of talent is a concern in all Group companies.

WE HIGHLIGHT...

Navigator: Promotion of training actions that ensure the retention of internal know-how; Learning Center platform; literacy of workers in Mozambique.

ETSA: All ETSA employees with access to internal and external training.

SECIL: Support for the development of Education campaigns in developing countries such as Lebanon, Tunisia and Angola. Participation in school councils in educational establishments in Portugal and various initiatives with universities to promote research or insertion into the working life, such as the Secil Universities Award. Conducting study visits to facilities, namely factories and the Cement Museum of the Maceira-Liz factory.

More information in chapters 7.1. HUMAN CAPITAL AND TALENT



The Semapa Group operates in value chains with a strong impact on the local economy in structuring areas for the society. Offers solutions and durable products, betting on R&D to innovate and respond in the best way to future challenges.

WE HIGHLIGHT....

NAVIGATOR: RAIZ Research Institute: Inpactus project; Promotion of bioeconomy projects; Assessment tools for research projects.

ETSA: Reinforcing the R&D department for the development of new products; ongoing investment in infrastructures and equipment for the protection of the environment; development of the Lean Management project in the production department.

SECIL: Offering resilient, sustainable life-cycle construction solutions; technical development areas focused on process and product innovation; support for infrastructure development in developing countries (Tunisia and Angola); donation of computers and other technologies to social projects. Secil Innovation Award, aimed at promoting endogenous innovation.

SEMAPA NEXT: Seeks to promote innovation within and outside the markets where Semapa is working, through investment in innovative start-ups in Portugal.

More information in chapter 6.3. INNOVATION, RESEARCH AND DEVELOPMENT



For the Semapa Group, the importance of maintaining these interactions is clear, as is the impact it may have on our activities. There is an effort to minimise the impact of its activities on biodiversity conservation and ecosystem services, attributing increasing importance to Natural Capital.

WE HIGHLIGHT...

NAVIGATOR: Forest certification; support to suppliers in forest certification; monitoring of flora and fauna; and joining the Act4Nature initiative, an initiative promoted by BCSD Portugal.

SECIL: Quarry Recovery Plans and Action Plans for biodiversity promotion; Partnerships for the analysis of ecosystem services; and scientific research with universities in the area of biodiversity restoration.



The companies of the Semapa Group interact with many groups in the civil society, in Portugal and abroad. Companies individually entered into a variety of partnerships for the enhancement of performance.

WE HIGHLIGHT...

NAVIGATOR: Promotion of partnerships with numerous entities in order to foster compliance with other SDGs and involvement with the different stakeholders.

ETSA: Promotion of several partnerships between ETSA's R&D department and universities, within the framework of scientific projects.

SECIL: Offering resilient, sustainable life-cycle construction solutions; technical development areas focused on process and product innovation; support for infrastructure development in developing countries (Tunisia and Angola); donation of computers and other technologies to social projects. Secil Innovation Award, aimed at promoting endogenous innovation.

SEMAPA NEXT: The start-ups of the portfolio have access to the Semapa Group and its network of partners, in order to explore new partnership opportunities.





RISK MANAGEMENT, A GLOBAL APPROACH

FOR THE GROUP, THE
PANDEMIC ONLY
VALIDATED THE
IMPORTANCE OF RISK
MANAGEMENT

5. RISK MANAGEMENT, A GLOBAL APPROACH

As an economic agent, Semapa is exposed to risks inherent to its activity, which can decisively impact the value of its assets. Semapa's performance as a holding company is also closely linked to the results of its subsidiaries, and thus, risk management should be managed in an integrated and global manner.

The implementation of a risk management and control system was an important step for Semapa, as a Group, with the joint identification of the main risks and the structuring of its governance.



5.1 RISK MANAGEMENT

WHAT IS THE RELEVANCE OF THIS TOPIC?

Semapa assumes as its duty the management of the risks inherent to its activity as a holding company, but also the accompaniment of the context and the management of the risks to which its subsidiaries are exposed. Because of this the Board of Directors considered it essential to have an agile and robust risk control and management system, in order to respond to the different businesses, geographic regions and risk situations to which the Group is exposed.

Thus, the risk control and management system was designed in which the policy for risk assumption and the processes of risk governance and management were defined; as included were the monitoring and reporting mechanisms, and a registry of the main risks was drawn up. This system was based on good practices and methodological references such as COSO and ISO 31000, in line with the recommendations of the Corporate Governance Code issued by the Portuguese Institute of Corporate Governance (IPCG) and the Securities Market Commission (CMVM). The methodology defined for this system at Semapa is supported on a cycle of continuous and annual activities aimed at the evolution of maturity of risk management practices and which contribute to an integrated governance, risk and compliance (GRC) model.

In 2020 Semapa continued the consolidation and operationalisation of the risk management and control system, developing a set of initiatives that increased the level of its maturity.

We highlight the activities developed in the context of the review of the risk framework and the top risks, monitoring and reporting through initiatives for monitoring the management practices for the main risks identified in the model and characterising risk indicators (KRI). These activities included the development and implementation of the monitoring model, the development and customisation of the risk management tool and the identification and characterisation of risk indicators associated with the top risks, which was developed using interactions with risk managers at the level of the holding company and the subsidiaries.

The updating of the risks consisted, on the one hand, in the updating of the existing risk framework, taking into account changes in the external and internal context of Semapa and its subsidiaries and, on the other hand, the availability to risk owners of a set of information characterising the risks and called risk packages, which carried out a review and confirmation of the characterisation of the top risks in their different aspects. This activity included the complement of the information at the level of the description of risks, the main risk events and the severity assessment (probability x impact).

The interactions inherent to this activity were operationalised simultaneously with the monitoring model that aims to allow the monitoring of the top risks in terms of the operability and effectiveness of existing mitigation measures and the commitment on the part of risk owners and their decision structures to the additional measures considered necessary for the maintenance of risk levels within the defined thresholds.

In this context, the risk monitoring model was structured, in which the characterisation of existing and additional mitigation measures is made. This model was discussed with Semapa management bodies and integrated into the risk packages, composed of risk sheets, the characterisation of risk mitigation measures and Key Risk Indicators (KRIs). This document aimed to make the analysis individualised with each risk owner more effective.

To complete the monitoring model, several sessions were held with the different persons charged with the responsibility for completing it: an initial session to present the model and its objectives and subsequent sessions to validate the understanding and complement the information reported. Risk indicators were also discussed and defined at these meetings.



The monitoring model developed and implemented in 2020 included the following lines of action:

1. Confirm the risks and their characteristics, mainly in view of the external and internal risk context and its perspective;

2. Describe existing mitigation measures:

- Detailed description;
- Description of the actions carried out to verify the effectiveness;
- Identification of potential improvements; and
- Identification of any known limitations.

3. Describe additional mitigation measures:

- Detailed description;
- Estimated start date for its implementation; and
- Estimated date of completion.

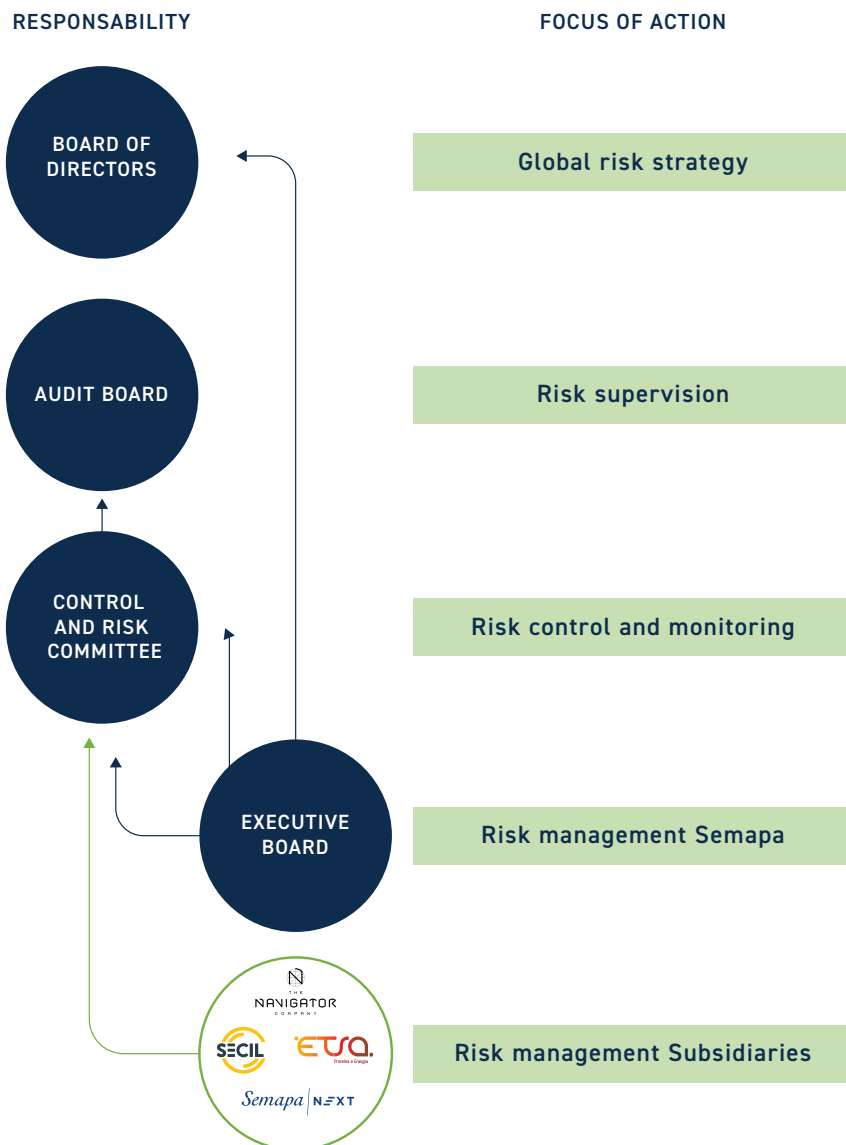
It should be emphasized that these monitoring models should be continuously improved and adjusted to reflect the better knowledge and current context of the management of each of the risks and to allow a progressively increasing degree of maturity in Semapa's risk management practices.

5.2 GOVERNANCE MODEL

ASSUMPTION AND RISK POLICY

In the development of its activity, Semapa seeks to operate according to a **very low risk appetite** in terms of legal and regulatory compliance, environment and health and safety, **low risk** for financial results and **medium risk** for investments.

The risk-taking policy approved by the Board of Directors qualitatively defines the level of risk that Semapa is willing to accept to achieve its business objectives and strategy. It is aligned with the main material topics for Semapa, ensuring the consistency of the risk management and control system. Semapa's activity is the management of shareholdings in other companies, the analysis of investment opportunities and the reporting of information to the market, maintaining a simplified, small and highly optimised structure since its foundation. Thus, the governance model is adjusted to the structure of Semapa, defining the focus of action and the attribution of responsibility to the different actors in the risk management and control system.



5.3 TOP RISKS IDENTIFIED

In 2020, in the absence of significant changes in the Group's risk context the main identified risks maintained their relevance. These risks were identified based on the various interactions with the Group's top executives and the critical analysis carried out by Semapa's Control and Risk Committee. In addition, an analysis of reports published by the World Economic Forum and benchmarking with reference companies was carried out. Eleven strategic risks to the Group and a set of operational risks associated with the subsidiaries resulted from this exercise. The Group has operations in the pulp and paper, cement and derivatives, and the environmental sectors, which are subject to various risks that can have a significant effect on the activities it carries out, its operating results, the cash flows it generates and its financial position.

Given the context of Semapa's being organised as an industrial holding company, the management of each of the main risks falls at the level of the holding company and/or at the level of the subsidiaries. In the case of risks under the direct management of each subsidiary, Semapa maintains the monitoring role, accompanying the main mitigation measures and additional strategies defined by each of the subsidiaries.

STRATEGIC TOP RISKS	OPERATIONAL RISKS
Portfolio	<ul style="list-style-type: none"> • Risks associated with the forestry sector • Risk associated with the production and marketing of pulp and paper Market price of pulp and paper • Demand for Galp products • Risks associated with energy supply and production • Risks associated with foreign operations • Competition • Concentration of the customer portfolio • Environmental Legislation
Reputational Capital	
Investment decision making	
Business	
Talent	
Legal and Regulatory Framework in Portugal	
External Shock	
Fraud	
Access to raw material	
Cybersecurity	
Environmental catastrophes	
	<ul style="list-style-type: none"> • Supply of raw materials • Sale price • Competition • Energy costs • Risks associated with foreign operations • Environmental Legislation
	<ul style="list-style-type: none"> • Supply of raw materials • Sale price • Demand for Galp products • Competition • Other risks



IDENTIFIED RISKS		RESPONSIBILITY				
STRATEGIC	Portfolio	*				
	Reputational Capital	**				
	Legal and Regulatory Framework in Portugal	*				
	Business	***				
	Talent	**				
	Legal and Regulatory	**				
	External Shock	**				
FINANCIAL	Exchange rate	***				
	Access to financing	**				
COMPLIANCE	Fraud	**				
OPERATIONAL	Access to raw material	***				
	Cybersecurity	**				
	Environmental catastrophes	***				

'Owners' * Semapa management ** Semapa management and monitoring and subsidiary management *** Subsidiary management

RISK ANALYSIS AND ITS MANAGEMENT

The Annual Report 2020 include a full analysis of all the strategic and operational risks, including economic and legal risks (presented in Chapter 11 of the notes to the consolidated financial statements). The same document identifies the financial risks, presented in Chapter 8.1 of the notes to the consolidated financial statements.

The strategic risks of Semapa and the group are duly mapped and fully described in Chapter 11 of the notes to the financial statements, being monitored throughout the year and the subject of a risk report approved annually by the Board of Directors.

That risk report results, inter alia, in an effective identification and characterisation of the main risks to which the company and the Group are subject, the various risk contexts in which each company operates (global, regional, national, internal), the metrics for the impact assessment and the probability of their occurrence, the procedures for monitoring and accompanying the risks and the measures to be adopted with a view to their mitigation, with the approval of an activity plan and concrete measures to be implemented for the following financial year.



A group of people, including men and women wearing various hats and shirts, are gathered in a greenhouse. They appear to be examining or discussing the plants growing in the beds. The greenhouse structure is visible in the background, with a translucent covering and metal supports. The overall scene suggests a focus on agriculture and sustainable business practices.

VALUE CREATION IN THE BUSINESS

IN AN ECONOMY THAT IS
INCREASINGLY GLOBAL
AND COMPETITIVE,
SUSTAINABILITY MUST
BE THE BASIS FOR
GENERATING VALUE

6. VALUE CREATION IN BUSINESS

The Semapa Group is focused on creating value, based on an economic performance with positive results, bearing in mind the direct and indirect impacts on the surrounding communities.

The valorisation of our business goes beyond economic performance, following a logic of sharing and **Creation of Sustainable Value**. We create value through an **ethical** and transparent performance and we assume responsibility for our entire value chain. We seek valorisation through **Innovation and R&D**, in order to create more resilient and sustainable business models.

6.1 SUSTAINABLE VALUE CREATION

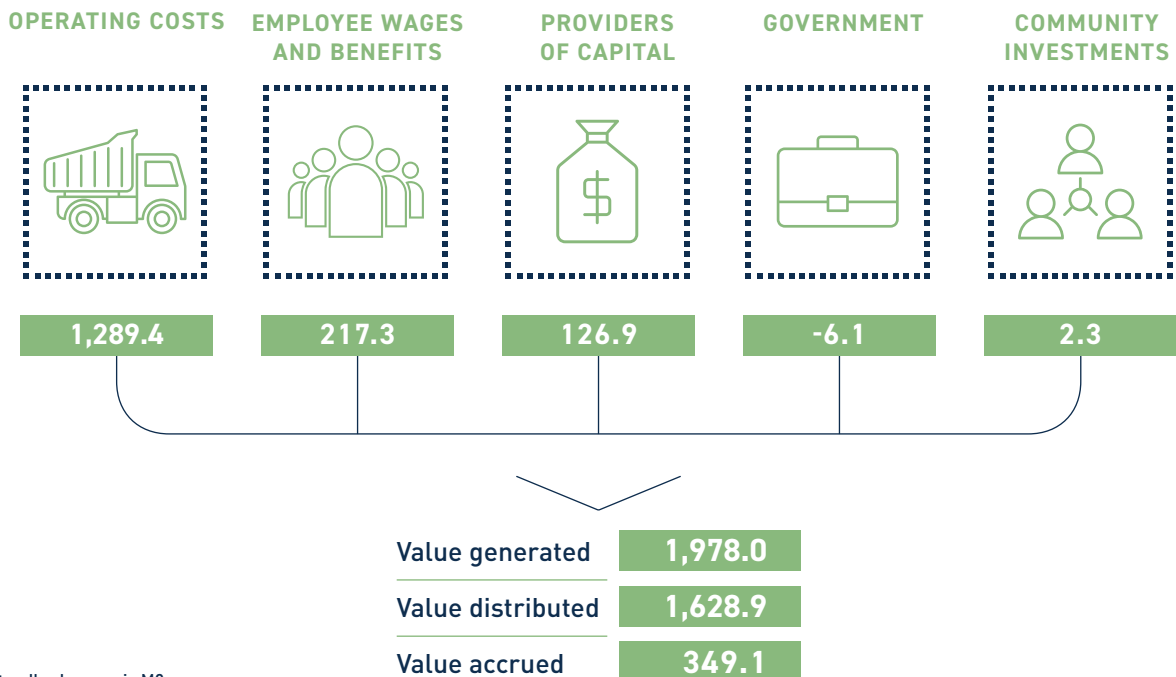
WHAT IS THE RELEVANCE OF THIS TOPIC?

Aware of the impact that its activity has on the Society, Semapa seeks to create sustainable value and share it with its stakeholders; in this way, it aims to benefit not only its shareholders, but also its employees, customers, suppliers, local communities and society in general, as illustrated below.



The Semapa Group plays an important role in the national economy and impacts the lives of thousands of people throughout its value chain. It is increasingly evident that the way the Group manages its relationship with the community, with the resources and risks associated with its activities, has an impact on economic performance.

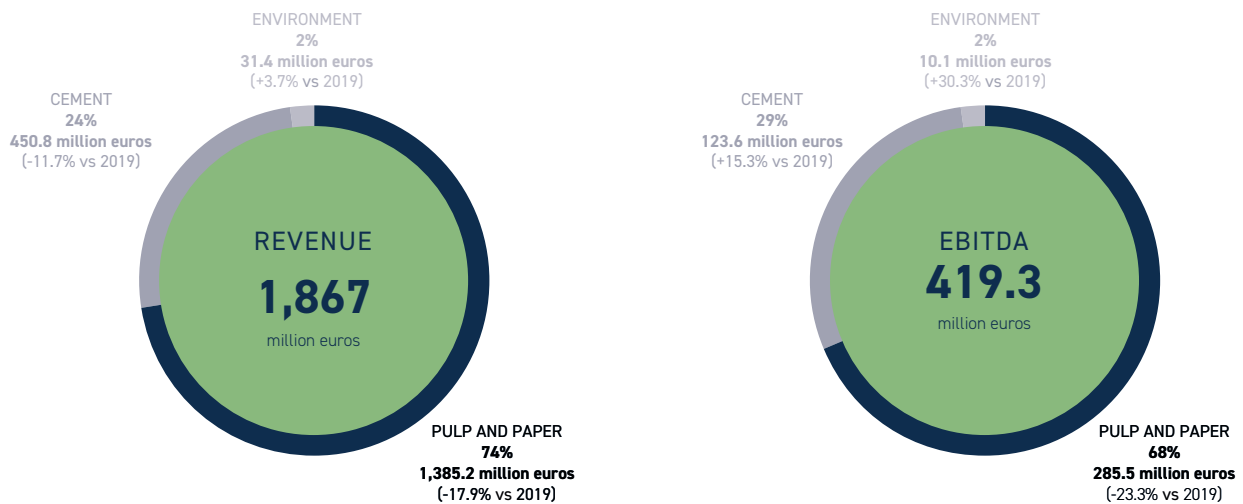
SHARED VALUE WITH SOCIETY



Note: all values are in M€.

6.1.1 ECONOMIC PERFORMANCE

Semapa's activities are governed first and foremost by the sustainability of its economic results. In 2020, its financial performance was impacted by the effects of the pandemic on the economy, with a decrease in turnover of 16% compared to 2019 and 13.9% in EBITDA compared to that year. Regarding this last indicator, positive developments should be highlighted, compared with the same period of 2019, in the segments of Cement, especially in Portugal and in Brazil, and of the Environment. Since the beginning of the pandemic, all business segments have made an extra effort to optimize costs with very relevant results, particularly in the Pulp and Paper segment (reduction of around 47 million euros in fixed costs), resulting in a consolidated EBITDA margin of 22.5%, 0.6 p.p. above that recorded in 2019.



The EBITDA also includes 0.03% related to the Holdings segment, which corresponds to 0.1 million euros.

MAIN FINANCIAL INDICATORS

IFRS - accrued amounts (million euros)	2020	2019	Var.
Revenue	1,867.4	2,228.5	-16.2%
EBITDA	419.3	486.8	-13.9%
EBITDA margin (%)	22.5%	21.8%	0.6 p.p.
Depreciation, amortisation and impairment losses	(214.7)	(241.8)	11.2%
Provisions	(5.5)	(4.1)	-34.4%
EBIT	199.2	241.0	-17.3%
EBIT margin (%)	10.7%	10.8%	-0.1 p.p.
Net financial results	(58.9)	(54.4)	-8.4%
Net monetary position	13.9	-	-
Profit before taxes	154.3	186.6	-17.3%
Income taxes	(12.0)	(23.9)	49.8%
Net profit for the period	142.2	162.7	-12.6%
Attributable to Semapa shareholders	106.6	124.1	-14.1%
Attributable to non-controlling interests (NCI)	35.7	38.6	-7.7%
Cash flow	362.4	408.6	-11.3%
Free Cash Flow	345.4	207.2	66.7%
	31/12/2020	31/12/2019	Dec20 vs. Dec19
Equity (before NCI)	948.8	960.9	-1.3%
Interest-bearing net debt	1,215.5	1,470.7	-17.3%
Lease liabilities (IFRS 16)	80.3	75.2	6.9%
Total	1,295.9	1,545.8	-16.2%

IMPACT OF THE PANDEMIC ON THE PULP AND PAPER AND CEMENT AND OTHER CONSTRUCTION MATERIALS SEGMENTS

In the Pulp and Paper segment, the period featured a significant drop in global paper consumption as a result of the COVID-19 pandemic, mainly in the second quarter, with a notable recovery recorded in the third and fourth quarters, especially in Europe. Navigator was able to make up for the decline in UWF Paper sales by further diversifying its business, with growth in pulp and tissue sales. In this segment, 2020 was marked by a significant drop in sales prices compared to 2019: the BHKP pulp index (in euros) fell 22% and the A4 paper index dropped 7% (variation in average prices).

The impact of the pandemic on the Cement and Other Construction Materials business was felt differently in the various geographical regions of Secil's operations, especially for the growth in revenue in Portugal and Brazil in local currency. Lebanon, on the other hand, is experiencing a serious economic, financial and social crisis, made worse by the COVID-19 pandemic and the explosion in the Beirut port in August. In addition to this, there was a strong devaluation of the Lebanese pound. Because the Lebanese economy was considered hyperinflationary (inflation over 100%), the IAS 29 accounting standard was applied. In Tunisia, the measures imposed by the government to contain the pandemic practically paralysed the country's economic activity from mid-March to early May. Although operations have been resumed, the construction sector, namely public works, have been hit hard, as evidenced by the 23% drop in revenues year on year.

LEADING OPERATING INDICATORS

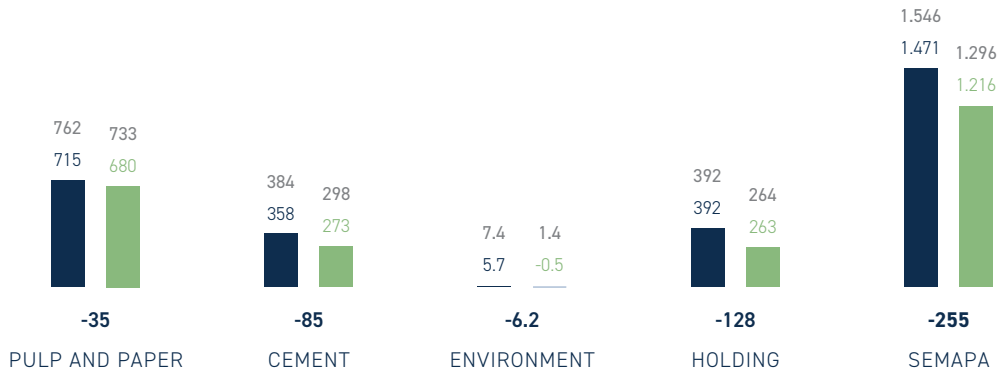
	Unit	2020	2019	Var.
Pulp and Paper				
BEKP Sales (pulp)	1,000 t	394	314	25.6%
UWF Sales (paper)	1,000 t	1,276	1,447	-11.8%
Total sales of tissue	1,000 t	106	96	10.8%
Cement				
Sales of Grey cement	1,000 t	4,652	5,060	-8.1%
Sales of Ready-mix	1,000 m ³	1,803	1,743	3.4%
Environment				
Collection of raw materials - Animal waste (categories 1, 2 and 3)	1,000 t	121.4	122.1	-0.6%

CAPITAL EXPENDITURE

The value of the investments made in fixed assets in 2020 amounted to approximately 109 million euros, with particular emphasis on the Pulp and Paper segment with 81 million euros, 25 million euros of which in environmental projects. The new biomass boiler in Figueira da Foz, with a total investment of 55 million euros over 2019 and 2020, started tests in 2020, representing the first and most significant step in Navigator's path to decarbonisation. This investment is detailed in Chapter 8.2 CLIMATE CHANGE AND ENERGY.

NET DEBT

On 31 December 2020, consolidated net debt stood at 1,215.5 million euros, representing a reduction of around 255.1 million euros over the figure ascertained at the close of 2019. Including the effect of IFRS 16, net debt would have been 1,295.9 million euros, 250 million euros below the figure at the end of 2019. At the close of 2020, total consolidated cash amounted to 444.8 million euros, in addition to 777 million euros in contracted and unused credit lines for the Group, thus ensuring strong liquidity position in the current moment of uncertainty.



MILLION EUROS

31/12/2019 31/12/2020 NET DEBT + IFRS16

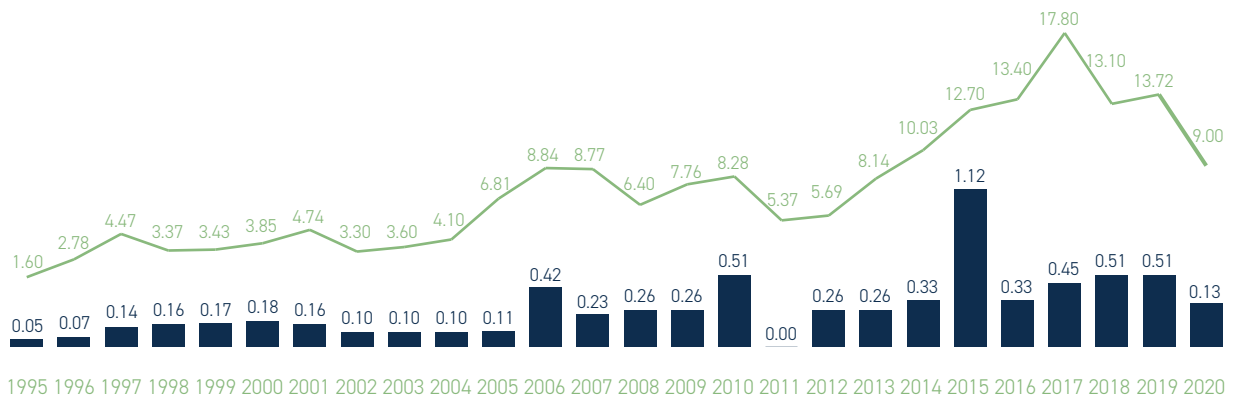
SHAREHOLDER VALUE

Semapa creates value for its shareholders by distributing dividends and enhancing the value of its shares, seeking to reinforce their stability and long-term growth.

In 2020, net profit attributable to Semapa shareholders was 106.6 million euros, which represents a decrease of 17.5 million euros compared to the previous year. The Net Profit variation of 2020 is due essentially to the combined effect of the following factors:

- Reduction in EBITDA of 67.5 million euros: an improvement in EBITDA from Cement and Other Building Materials (+16.4 million euros) and Environment (+2.3 million euros), which did not manage to offset the reduction of 86.6 million euros from the Pulp and Paper business segment;
- A reduction in depreciation, amortisation and impairment losses of 27.2 million euros;
- Provisions increase of 1.4 million euros;
- A deterioration in net financial results by about 4.5 million euros, reflecting in particular the negative exchange rate effects on Secil (Brazilian real);
- Gain of 13.9 million euros in the net monetary position that stems from the fact that Lebanon's economy was considered hyperinflationary in 2020 (cumulative inflation rate over three years exceeds 100%). The gain results from the implementation of the IAS 29 accounting standard combined with the strong depreciation of the Lebanese pound, from 1,507.5 USD-LBP to 8,400 USD-LBP;
- Decrease of about 11.9 million euros in income taxes.

In June 2020 Semapa distributed dividends with a total value of 10.0 million euros, corresponding to 0.125 euros per share.



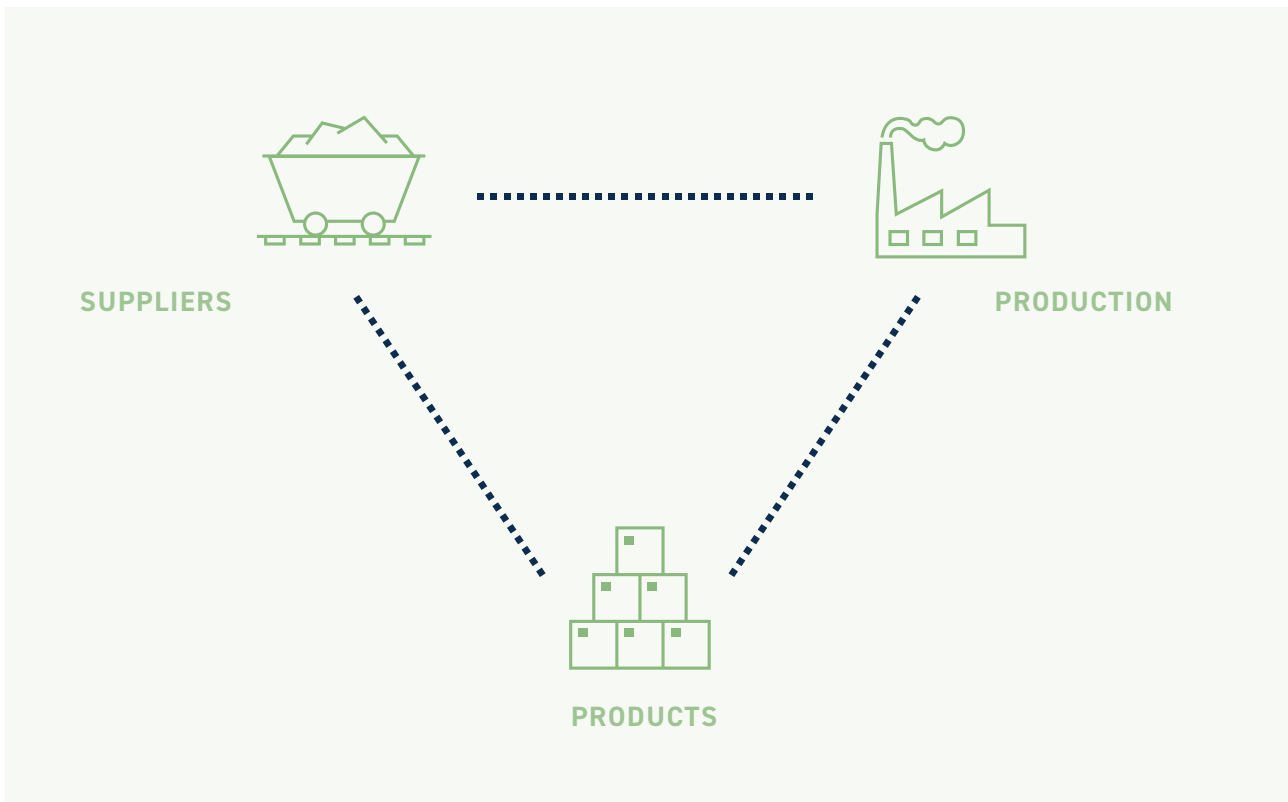
EUROS

DPS SHARE PRICE

ANNUAL SHAREHOLDER RETURN = 18.2%

6.1.2 RESPONSIBILITY ALONG THE VALUE CHAIN

Sustainability is an integral part of the Group's direct operations. Semapa aspires at improving the performance of the operations in the entire value chain of its business areas, namely at the level of its suppliers and products. The companies of the Group are moving in this direction, through the implementation of various initiatives, assuming the responsibility for their value chains and thereby delivering to their customers products with a more positive impact on the society.





SUPPLIERS

■ CEMENT SEGMENT



ENVIRONMENTAL GUIDE TO SUPPORT THE PROCUREMENT PROCESS

Sustainability in the Supply Chain is essentially based on the integration of sustainable requirements, in the procurement process

Sustainability in the Supply Chain is essentially based on the integration of sustainable requirements, in the procurement process, to create a more positive impact on society and the economy, and a lower impact on the environment, tending to create solid partnerships with suppliers.

For this, an Environmental Guide was developed to Support Secil's procurement process, with the objective of aligning the purchasing strategy with the Group's sustainability policies and safeguarding the principles of a circular economy.

Based on the identification of the most relevant products and services, in terms of quantities purchased, an assessment was made of their most relevant environmental impacts, arising from the consumption or use of the identified products or services.

Ten product categories were then selected, aggregated into four groups. For each category analysed, an inventory was taken of the main environmental impacts throughout their life cycle until their reception at Secil's premises, and it was determined which specifications are to be taken into account during the process of market consultation and supplier selection, leading to a purchase that is environmentally more conscious.

Group	Category
Energy	Electricity
	Gasoil
	Petcoque
	Alternative Fuels
Raw materials	Limestone
	Sand
	Gypsum
Packaging material	Kraft Paper
	Plastic film
Transport	Transport

■ IN THE PULP AND PAPER SEGMENT

MORE EFFICIENCY IN THE LOGISTICS



Betting on a more efficient logistical solution with smaller carbon footprint

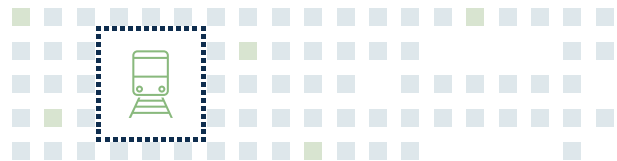
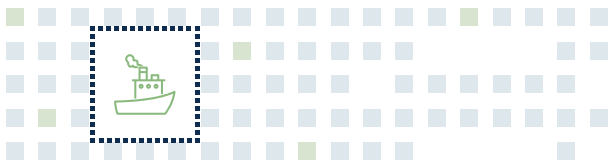
Navigator has been betting on intermodal logistics that makes it possible to be more cost-efficient and, at the same time, contribute to the reduction of CO₂ emissions associated with the different transports used.

This objective has been achieved through a strong commitment to the migration from land transport to short-distance maritime shipping, multimodal and rail transport, a strategy that reduces CO₂ emissions per tonne transported to the customer.

A new transport route to the South of France, through the port of Marseille, has allowed 357 trucks to be removed from the road for this form of transport.

The shift in deliveries in northern Europe to a multimodal transport service – a combination of truck and cargo on a "Ro-Ro" ship (roll on roll off) – resulted in a decrease of 678 lorries on these routes.

Growth of 3,676 containers shipped by rail on the Setúbal Complex branch line.



■ IN THE ENVIRONMENT SEGMENT



Reduction of about 3.5% in fuel consumption

ECO DRIVING

ETSA LOG, the group's company that transports the raw materials, is responsible for 15% of ETSA's CO₂ emissions, evidenced by diesel consumption.

Armed with this knowledge, ETSA invested in training its drivers, with external support, so that they reduced unnecessary fuel consumption, which resulted in a decrease of about 3.5% in fuel consumption.



PRODUCTS

■ IN THE CEMENT SEGMENT



Use of more sustainable materials and better performance

PRODUCTS FOR MORE SUSTAINABLE CONSTRUCTION

The focus on product innovation has been evident, not only in the use of more sustainable materials, but also in improving performance, and the contribution of these products in different applications.

ECOCORK LIME is an example of a thermal insulation consisting exclusively of Natural Hydraulic Lime (bonding with CO₂ absorption capacity during the drying process) and light, natural and renewable aggregates in the form of expanded cork granules.

This thermal plaster offers high thermal comfort in the buildings, contributing to the protection of old and historic buildings, promoting their durability.

Natural Hydraulic Lime, combined with cork, is synonymous with high environmental performance and improved thermal and acoustic performance of the building. Being a lightweight product provides a high yield on site, reducing the amount of materials used per area constructed.

ECOCORK LIME is a water vapor permeable solution with high durability, excellent behaviour in ice/defrost cycles and excellent deformability. This product is a solution that increases the energy efficiency of buildings, especially older ones.

■ IN THE PULP AND PAPER SEGMENT

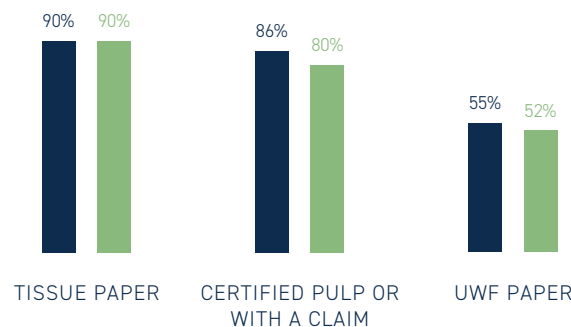


Between 55 and 90% of its products have forest certification or EU Ecolabel, in the various segments

PAPER AS A SUSTAINABLE PRODUCT

By using raw materials from renewable forests, the pulp and paper sector takes a prominent place in what is known as the green economy. In addition to being a natural product and 100% renewable, Navigator's paper is produced from raw material sourced in certified forests. Based on the application of best practices in sustainability, the product produced by this segment has forest certification or EU Ecolabel.

PRODUCT CERTIFICATION



2019 2020

ADVANTAGES OF PAPER



Sourced in sustainably managed forests

- Continuous replanting of trees: in the the last 25 years, the European forests have grown 17.5 million hectares.
- Maintains biodiversity and ecosystems.
- Provides habitats for wildlife, recreational areas and jobs.



Natural, renewable resource

- Wood-based.
- Raw material in growth.



Effective against climate change

- Average annual carbon capture by European forests is 719 million tones of CO₂.
- CO₂ retained in the wood fibre remains in the paper products.
- Produces renewable energy through biomassa at the end of the life cycle.



100% biodegradable

- Decomounds in 2 to 5 months.
- Does not harm the environment (made with water based natural colours and starch-based glues).



100 % recyclable

- The rate of recycling in Europe is 72.3%.
- On average, in Europe, it is recycled 3.5 times, but it may be reused up to six times.
- Recycling reduces the polluting emissions produced by landfills.



Alternative to plastic

- Reduces polluting plastic waste.
- Eliminates the danger of microplastics.
- Reduces the consumption of fossil fuels.



Demonstrates environmental commitment

- It integrates the sustainable life style of consumers.
- It distinguishes brands with environmental concerns.



Certified, sustainable industry

- 71% of wood and 83% of pulp of the sector in Europe has the FSC or PEFC certification.
- 91% of the production capacity is environmentally certified by ISO 14001 and EMAS.
- 93% of the water used is returned to the environment with good quality.
- Reduction of 25% of the direct emissions of CO₂ in Europe between 2005 and 2007.
- Circular economy cycle and production of other forest-based bioproducts.

Source: The Navigator Company - Newsletter no 6 #MYPLANET NOV/DEC 2020 (Data on the sector)



6.1.3 SUSTAINABLE FINANCE

"In 2020, Semapa established a Working Group to implement a strategy for the development of non-financial metrics for sustainability, which allows Semapa to be suitably positioned in this area and to respond to external requests from its stakeholders.

A financial sustainability approach according to Responsible Investment Principles (RIP) is increasingly crucial for investors to know, trust and bet on companies proven to be sustainable, as has been increasingly defined by legislation and recommended by key international players, be they large investors, consulting firms, NGOs or institutions such as the World Economic Forum.

This WG will define and propose an ESG Indicator management model for implementation that is appropriate to the Semapa profile as a holding entity with diversified interests in the pulp and paper, cement and environment industries that will allow the assessment and analysis of non-financial topics, collect data for the indicators and their reporting, and involve shareholders and other stakeholders in pursuing this strategy, the development of which will result in a more comprehensive approach to markets in terms of sustainable financing".



SUSANA COUTINHO
COORDINATOR OF THE WG
FOR SUSTAINABLE FINANCE
OF SEMAPA

TRANSPARENCY TO INVESTORS

In the current context of increased demand regarding the criteria for scrutinising the performance of companies by different stakeholders, including the financial sector, the need to consider the impacts of various vulnerabilities at the level of the ESG (Environment, Social and Governance) criteria becomes increasingly clear. These are aspects that have been increasingly recognised and have a growing material financial impact on the valuation of companies by their investors, who are looking for a greater guarantee of value in the long term.

Recognising this need and opportunity, Semapa created the Working Group on Sustainable Finance to promote the sharing of experiences in this area among all the companies and build a common strategic path of the Group on this issue. Standing out as a pioneer example of the Group is the company in the Pulp and Paper segment, with its participation in ESG evaluation ratings of external entities, such as CDP (Climate Disclosure Project) and Sustainalytics. The first mentioned, in the context of climate change; the second evaluates the Company in the aspects related to ESG and annually assigns a classification of its performance, within the context of the pulp and paper sector. For Navigator, this ESG rating of Sustainalytics has an impact on the financing cost of a commercial paper issued in 2019, amounting to 65 million euros, a product that was the first green financing of its kind contracted in Portugal.

The "A" level of Leadership was awarded by CDP Climate in recognition of Navigator's role in developing a low-carbon economy.



The Navigator Company was again distinguished by CDP (formerly known as the Carbon Disclosure Project) with the "A" rating in a global survey to assess the actions of companies in the field of climate change, achieved by only 5% of the companies evaluated worldwide.

Navigator was distinguished as a world leader in combating climate change by CDP, a non-governmental organization that assesses the environmental performance of companies and cities and whose analyses are used by investors in their sustainable investment decisions. The CDP recognised Navigator for the second consecutive time for its performance in the last year in reducing emissions, reducing climate risks and developing a low-carbon economy, according to 2019 data released by the CDP.

Every year, thousands of companies send the CDP the data on their environmental impact, risks and opportunities to be evaluated independently and according to its scoring methodology. Companies receive scores from A to D for the efficiency with which they operate in regard to climate change, while those that do not disclose or that provide insufficient information are given an F rating. This year, the organisation validated the applications of more than 5,800 companies and of these, only 300 obtained the maximum rating of "A".

It is ranked 5th, out of a total of 79 global companies that make up the Paper & Forestry industry cluster and 4th in the subset of 62 global companies that form the Paper & Pulp cluster.



In February 2019, The Navigator Company contracted with BBVA the first line of green commercial paper in Portugal, amounting to 65 million euros with a term of 7 years. BBVA was the bank and bookrunner of the operation, advising the entire process and being the sole funder. It was a sustainable operation, since the financing conditions are linked to the ESG (Environmental, Social and Governance) classification, certified by Sustainalytics.

At the time of the formalisation of this partnership, The Navigator Company already had a very positive ESG rating and, should this improve, its financial conditions may benefit accordingly. This operation is a demonstration of the Company's commitment to social and environmental responsibility.

Sustainalytics' ESG rating process is reviewed annually and at the close of **2020, the Company achieved a very positive rating of 17.5**, an improvement over previous ratings.



6.2 BUSINESS ETHICS

WHAT IS THE RELEVANCE OF THIS TOPIC?

The Semapa Group has a management approach that is based on the principles of ethics, integrity and honesty in the internal and external relationships and in the performance of activities that integrate all phases of the value chain.

The fundamental principles allow the Group to sustainably create value and protect the interests of shareholders, with a suitable level of remuneration for investors, supported by the offer of the highest quality standards in the supply of goods and services to its customers, as well as in the recruitment, motivation and development of the best and most competent professionals.

Its activities are governed by internal policies such as the Deontological Code, the Code of Good Conduct and Prevention of Harassment and the Annual Plan for Equality.



RESPONSIBILITY IN OUR CONDUCT AND PERFORMANCE

At Semapa, there is a set of Deontological Principles, approved by the Board of Directors on December 30, 2002, which establish rules and principles of an ethical nature applicable to workers and members of the governing bodies.

In particular, the following duties are recognised:

- **Duty of diligence**, translated into concrete obligations of professionalism
- **Duty of zeal and responsibility**
- **Duty of loyalty**, which within the scope of the principles of honesty and integrity is especially aimed at protecting against situations of conflict of interest
- **Duty of confidentiality**, which applies to the processing of relevant information

The document also establishes duties of corporate social responsibility, namely of environmental conservation and protection of all shareholders, ensuring that information is fairly disclosed, and all shareholders treated equally and fairly.

At the end of 2018, the Ethical Principles were adapted to expressly integrate the commitment to respect and promote human rights and embrace the fight against money laundering and corruption.

As a key employer, Semapa has had a Code of Good Conduct in force since 2017, which enshrines specific rules aimed at reinforcing the prevention of and combat against any and all types of harassment in the workplace, without prejudice to other rules of conduct applicable to them.

PLAN FOR EQUALITY

"In the company's internal relations and with third parties, Semapa Staff must not discriminate or accept discrimination in any way, on the basis of descent, gender, race, language, national origin, religion, political convictions or ideology, education, economic situation or social status."

Charter of Deontological Principles

In addition to this Group vision and the alignment around the Ethical Principles that is looked for between companies, Semapa has a Plan for Equality in force, focused on creating equal opportunities for its employees and with the following areas of intervention:

- Equal Access to Jobs
- Early and Life-long Training
- Protecting Parenthood
- Reconciling personal and family life with professional life

The implementation and enforcement of Semapa's Plan for Equality is the responsibility of the Executive Committee and the Human Resources department, with the support of the "Working Group on Equality" that Semapa set up in 2020.



Plan available at <https://www.semapa.pt/en/sustentabilidade/planoparaigualdade>

GOVERNANCE BEST PRACTICES

An essential instrument for economic efficiency, sustainable growth and financial stability.

It is the Semapa Group's goal to implement the best practices of corporate governance as an essential instrument for economic efficiency, sustainable growth and financial stability. With this in mind, the Working Group for Governance dedicated itself to supporting the integration and adaptation of the Group's companies to the references associated with the corporate governance of organisations.

With regard to governance in 2020, significant changes were introduced into the recommendation and legislative framework applicable to companies issuing shares admitted to trading on the regulated market in Portugal, (i) the first revision of the Corporate Governance Code of the Portuguese Institute of Corporate Governance (IPCG) and (ii) the publication of Law No 50/2020 of 25 August, which transposed Directive (EU) No 2017/828 of the European Parliament and the Council of 17 May 2017 on the rights of shareholders of listed companies as to their long-term involvement.

Consequently, the work carried out in the year just ended in our Group essentially dealt with the adaptation to those schemes by Semapa and The Navigator Company, with the participation of the various teams, internal committees and corporate bodies, through the preparation, discussion and approval of the necessary changes, promoting the updating of a set of relevant rules and internal procedures and with the amending of the majority of the internal regulations of the bodies and committees of the two companies, without prejudice to the commitment and work that continues to be done within the framework of governance by the teams of the other companies of the Group, Secil, ETSA and Semapa NEXT.



"The continuous work that is being done within the framework of governance is essential for the Semapa Group. This year was mainly dedicated to the adaptation of Semapa and The Navigator Company to the new regimes applicable to companies issuing shares admitted to trading on the regulated market in Portugal. We had the involvement of various teams, committees and governing bodies in updating a set of rules and procedures and amending most of the internal regulations. At the same time, the WG continued to accompany the teams of Secil, ETSA and Semapa Next on this topic.

In this context, it is noteworthy that, for Semapa, corporate governance is an indispensable key to the growth and sustained development of the Group's business and activities and a means of building up the trust of investors and other stakeholders, always based on quality work and the accuracy of the information transmitted".



RUI GOUVEIA

COORDINATOR OF THE WG
ON GOVERNANCE OF SEMAPA

6.3 INNOVATION, RESEARCH AND DEVELOPMENT

WHAT IS THE RELEVANCE OF THIS TOPIC?

Semapa focuses on sustained innovation and research and development (R&D), not only seeking to secure new frontiers of business profitability, but also to help improve process efficiency and produce innovative products with lower impact. This alignment is common to all segments of the Group, which have their own R&D departments to ensure the production of scientific and technological knowledge and guarantee competitiveness in the various sectors. The development of partnerships in this area is part of the Group's strategy and growing out of this perspective was the Venture Capital segment, Semapa Next, which has strengthened investment in innovation, both inside and outside the markets where Semapa is operating.



THE VENTURE CAPITAL SEGMENT

INNOVATION AND ENTREPRENEURSHIP

Semapa | NEXT

Semapa's bet on entrepreneurship to transform the world in which we live

Semapa Next is Semapa's venture investment arm that invests in innovative start-ups in Portugal and worldwide. Semapa Next seeks to promote innovation inside and outside the markets where Semapa is operating, betting on entrepreneurship to transform the world in which we live.

The fund's goal is to invest in exceptional entrepreneurs from its Series A to the rounds of growth investment. In addition to capital investment, Semapa Next supports the growth of companies with experience in entrepreneurship, operations and finance. The start-ups in Semapa Next's portfolio have access to the Semapa Group and its network of national and international partners, in order to explore new opportunities, technical pilot projects and growth in general.

SEMAPA NEXT IN 2020

In the last six months, Semapa Next concentrated on accompanying the companies in the portfolio and the investment funds it is investing in. In addition to this, there are two new innovative initiatives:



1. **Pathfinder Partnership with Techstars**, where Semapa Next will organise two Global Business Challenges to identify start-ups with accelerated growth potential
2. Active participation in the **Global Sustainability Challenge** with the goal of finding and helping start-ups that are developing technologies in the **supply chain** area, with special emphasis on data & automation and new materials. This is a joint initiative with the participation of several multinationals

THE CREATION OF INNOVATIVE PRODUCTS

■ IN THE PULP AND PAPER SEGMENT



NEW TISSUE PRODUCT IN THE FIGHT AGAINST THE CORONAVIRUS

The new product **Amoos Aquactive™ Soap**, resulted from the work carried out by RAIZ in supporting the Company's product development, using innovative technologies. Created within the scope of the HIGIA project, developed under Portugal 2020, it enabled the launching of a product that combines the power of soap with the high strength and absorption of paper in order to simplify the everyday tasks of cleaning and hygienisation, so pressing in the health emergency situation that we are going through (you can find additional information on Aquactive™ technology at: <https://amoospaper.com/aquactive/pt>).



ADVANTAGES



HYGIENIC

Disposable. Does not accumulate dirt.



SAFE

Dermatologically tested.
Does not spot or stain surfaces*.



PRACTICAL

2-in-1 product that facilitates cleaning jobs without the need for additional cleaning products.



RESPONSIBLE

With the certification of the FSC (Forest Stewardship Council, Licence Code: C008924), our paper comes from renewable sources. The soap used in this product is based on natural additives.

■ IN THE CEMENT SEGMENT

LOW CARBON CLINKER (LCC)



In 2019 the European patent was granted and in 2020 the international patent was applied for

Secil is responding to the challenges of decarbonization and the circular economy, finding innovative solutions in the production of clinker with lower carbon emissions, maintaining the characteristics of strength and durability, which characterise this intermediate product of cement manufacturing.

It is possible to reduce the carbon incorporated in the clinker and decrease the specific energy consumption per tonne produced by incorporating in the final phase of cooling new materials such as clays or fly ash, which are calcined by clinker at high temperature, without any additional consumption of energy or CO₂ emissions.

In this process, products from other industrial sectors are being used, such as clay or the ashes from thermal power plants, thus strengthening the circularity of the economy and reducing the environmental impacts resulting from other ways of handling their end of life.

Secil has already carried out very satisfactory tests of product viability, for uses ranging from laboratories to concrete and mortar applications. This project also has the economic advantage of being made with small investments in the current facilities, which can work simultaneously to produce low carbon clinker or traditional clinker.

■ IN THE ENVIRONMENT SEGMENT



AN ONGOING BET ON THE RECYCLING OF BY-PRODUCTS

With a strong focus on sustainability, the circular economy and the optimisation of natural resources, ETSA is betting on research and development

In 2020, ETSA maintained its commitment to research and development, initiating new lines of work and further developing existing ones, thus leading to a strengthening of its partnership relationship with several entities of the National Scientific and Technological System and collaborative laboratories, particularly in the fields of biotechnology, chemical technology and agribusiness.

The first research and development project led by ETSA and funded by the Portugal 2020 Programme, the MOREPEP project, came to an end and the results disclosed at a large session held in July 2020. This project produced excellent outputs, not only through the publication of several scientific articles, the submission of a patent process and hiring new employees, but also because it generated innovative knowledge that materialised in the submission and approval of an industrialisation project, Productive Innovation, also financed by Portugal 2020.

This year, all the necessary documentation was prepared for the licensing of its construction and industrial operation, an extremely complex process that is in its final stretch. This new industrial unit, called ETSAProHy, will apply an innovative technology developed at ETSA, making it a reality in the production of three new products of high added value in the animal feed market. In the continuation of this line of action, ETSA is working on upgrading this product for human consumption.

Also in 2020, and in order to create a pipeline of innovative products in its business area, ETSA created and reinforced new lines of innovation related to the production of new proteins and fats for animal feed, using insects and fish by-products. This action aims, in the short term, to consolidate ETSA's position as a market-leading company in the collection and processing of animal by-products and as an innovative company in the creation of new products for animal feed, and in the medium term, to engage in a stronger and more ambitious programme of internationalisation with a broader portfolio of products and services.

In a second line of research and development, supported by a mobilising project of Portugal 2020, the MOBFOOD project, ETSA, in partnership with dozens of public and private entities representing the entire Portuguese agribusiness sector, has accentuated the creation of networks and interactions to reduce food waste, both from the point of view of optimising logistics processes, and in the recovery of waste and by-products of the activity.

The development of more knowledge and new products sustained by research and development is aligned and synchronised with business trends and the latest European legislation, both in reducing food waste, which foments the collection and recovery of plant by-products, and in the supply of new, safe and sustainable products in the market of livestock rations and pet foods.

With this in mind, in 2020, ETSA strengthened partnerships with the entities of the National Scientific and Technological System and submitted three new projects for joint promotion with Portugal 2020, all of which were approved. These projects also provide the Department of Research and Development with new equipment and advanced technologies. With a strong focus on sustainability, the circular economy and the optimisation of natural resources, ETSA is betting on research and development and the resulting industrialisation as a key to expand and underscore its national leadership and make its international projection a natural step.



EXPERIMENTAL PRODUCTION OF BIOFUELS

■ IN THE CEMENT SEGMENT



ENERGREEN PROJECT

In the EnerGreen Project, developed by CMP – Cimentos Maceira e Pataias, S.A., a pilot installation (PI) was designed and built for the production of a liquid biofuel from biomass or waste to be used for supplying energy to cement ovens, which is economically competitive compared to the available alternatives.

ALFAGREEN PROJECT

As a continuation of this project, CMP proposes, under the AlfaGreen project, to make a modification to the pilot installation, which will enable the recovery of by-products from liquefied products produced in the PI for other purposes, in addition to their use as biofuels, following the worldwide trend in the bet on biorefineries.

With the AlfaGreen project, CMP intends to monetise the liquefaction process of organic waste under study with the EnerGreen unit, through the recovery of liquefied products obtained at the installation. In this way, a future investment in a unit with greater capacity for liquefied waste will become more viable, by separating products that can be sold to companies that need them, thus making the unit economically self-sustaining, also allowing oil to be used as fuel in cement ovens, reducing the company's energy bill.

■ IN THE PULP AND PAPER SEGMENT



BIOETHANOL CONVERTED FROM PRIMARY SLUDGE

Primary sludge is a cellulosic residue generated in the Wastewater Treatment Plant (WWTP) of pulp and paper factories. In addition to inert materials, they have an appreciable amount of cellulose fibre in their composition, with the potential to be converted into bioethanol.

This conversion has been tested over the past few years by the National Scientific System as well as Navigator's own R&D structure, and the results have been promising in relation to its technical feasibility. It was also found in these studies that the scale effect would be significant to optimise the economic profitability of the initiative. As it is a residue with high humidity, its long-distance transport is not economically attractive, and its recovery as bioethanol is of potential interest in areas where this type of waste is available. The proximity between the industrial units of Navigator and Celbi (Altri group), in the Figueira da Foz region, offers the necessary scale for a project of this nature. Consequently, between the end of 2019 and the first half of 2020, the two companies jointly evaluated the technical feasibility of converting primary sludge into bioethanol.





The background is a dark brown gradient with a grid of small, semi-transparent squares. In the center, there is a pattern of larger, solid white squares that form a stylized, abstract shape. The text is overlaid on this grid.

VALUING OUR PEOPLE

FOR THE SEMAPA
GROUP, PEOPLE ARE
ALWAYS A PRIORITY



7. VALUING OUR PEOPLE

Human capital can represent the greatest intangible asset of a company and is a differentiating element in its strategy. For the Semapa Group, human capital has always been a priority and efforts to ensure the growth and well-being of its employees have always been part of its agenda. This year the importance and the need for the tools to manage and value our people became even more evident.

Human Capital is one of the most important assets of the Semapa Group, because people are the foundation of our business. Thus, the talent management and health and safety of our employees are priorities, as is the dissemination of our Group Culture.

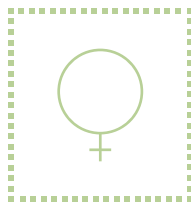


2020 IN NUMBERS



5,876

Employees



15%

of the members of the **Governing Bodies or in leadership positions are women**



About

4,986

employees were the subject of a performance evaluation



About

66%

of the employees are **under 50**



We are monitoring the performance of the safety culture that is being implemented.

In 2020 we had:



Work accidents: **325**

Accidents resulting in absence **170**

Frequency Rate: **8.6**

Severity Rate: **261.7**

(Includes internal and external employees at Navigator)

7.1 HUMAN CAPITAL AND TALENT

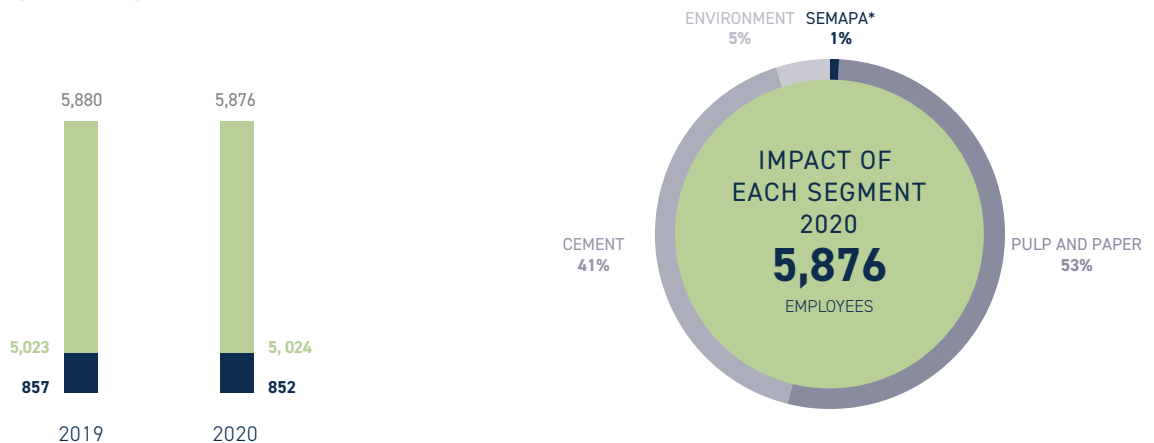
WHAT IS THE RELEVANCE OF THIS TOPIC?

Human Capital is one of the most relevant assets for the Semapa Group, with a total number of 5,876 employees. For this reason, their development and growth within the Group's companies have long been a priority. Investment in training and qualification are Semapa's tools to prepare its employees for the business need of today and in the future. Similarly, the design and planning of their careers, the definition of short-and medium-term objectives and performance evaluations are the way to manage the progress of the employees, depending on their aspirations and aligned with the needs of the company.



These topics are addressed within the scope of the Talent Committee of the Group, as a body of the holding company, where policies, projects and initiatives related to the Talent Management of the Semapa Group are presented and discussed. In 2020, the Committee's initiatives were mainly focused on the executives and the top lines of the Group.

OUR PERFORMANCE

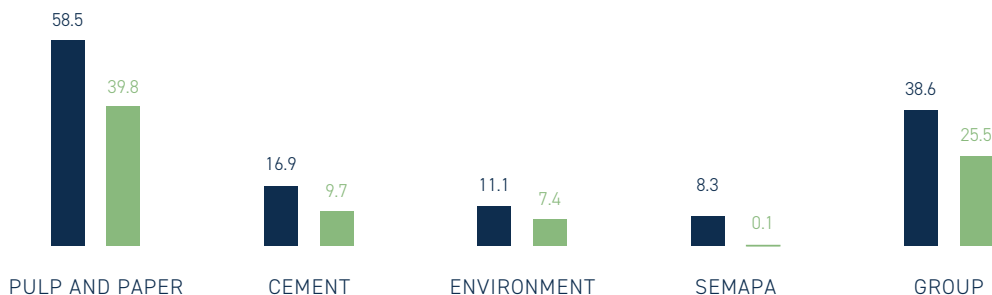


*Office employees of Semapa

WOMEN MEN

In 2020 the Semapa Group provided more than 149,559 hours of training to its employees.

HOURS OF TRAINING PER EMPLOYEE



2019 2020

"People Management in the 'COVID era' is bringing numerous new issues to the agenda that challenge us every day. What skills will be strategic in the coming years, how will we design the careers of our professionals, how are we going to create the conditions for teams to be effective agents of transformation, what are the diverse work environments we will build for talent to develop.

The Semapa Group is committed to developing sustainable Talent Leadership models, which aim above all to ensure that our professionals have the best experiences to grow, feel part of decisions and achievements and in "healthy" environments of experimentation and innovation.

The make up of this Working Group has allowed us to be closer and aligned with this purpose of valuing and developing our professionals in all companies of the Group."



ISABEL VIEGAS
COORDINATOR OF THE WG
FOR HUMAN RESOURCES
OF SEMAPA

HOW ARE WE MANAGING OUR TALENT?

■ IN THE SEMAPA GROUP



We are certain that this purpose positions us more robustly to attract, develop, compensate and retain at every moment the best professionals

With regard to Talent Management, 2020 was marked by the development of initiatives that contribute to the strategic objective of reinforcing the Group's notion of Talent.

This is a purpose with which the Semapa Group wants to position itself more robustly to attract, develop, compensate and retain at every moment the best professionals in the areas of knowledge it needs, being able to offer professional experiences in various companies that make up the Semapa Group.

Within this framework, some of the more important initiatives that took place throughout 2020 are highlighted below.

TALENT MANAGEMENT

In order to develop further the knowledge of the Group's potential and talent at the level of the top lines of the Holding and its subsidiaries, and of other critical posts, two structuring initiatives were organised, carried out with all the Group's companies and should be continued in the following years:

- **Mapping of Directors**, compiling relevant professional information about each Director, using the 9 Box methodology for this purpose
- **Annual Talent Review**, the occasion on which the Semapa Talent Committee, with the participation of the corresponding CEOs, analysed the information and projected the future progress of each of its Directors of the various companies

SUCCESSION PLANS

Also in 2020, the mapping of the potential successors of key leadership positions in the Group was developed. This structuring initiative allows the Group to ensure that it has within its folds the Staff that will ensure the future of the various critical areas in each company that makes it up.

This is an initiative that is intended to be part of the Group's Talent Management Model, with annual updates and concrete development actions that are suited to the main objective of the project: to generate successions and ensure the future of its governance.

REMUNERATION POLICIES

In order to have remuneration practices aligned with the market and robust enough to ensure at every moment a solid offer of value as an employer, we conducted a salary benchmarking process and a study on long-term compensation models, both focused on executive positions.

These two 2 projects led Semapa to make some adjustments in the Variable Compensation Model of Executives, which already went into force in 2020.

It also opened the way to move ahead in 2021 in the same direction in regard to the management staff and other employees.

EVALUATE PERFORMANCE FROM A DEVELOPMENT PERSPECTIVE

The Performance Evaluation is a management tool that should be used mainly for alignment around the goals and the development of employees. In the Semapa Group, we have been working from the viewpoint that this process relies chiefly on multiple moments of feedback throughout the year, contributing more closely to the motivation and performance of people and teams.

■ IN THE SEMAPA GROUP



LEADERSHIP DEVELOPMENT EXERCISE (ASSESSMENT)

Within the scope of the Talent Management tools of the Semapa Group, the Leadership Development Exercise (LDE) has emerged in the Development area, which began in 2019 and ended in 2020. Following this Programme, each of the Group's Executives had access to a report that included their strong areas and aspects for improvement. In some cases, the latter were taken into account in the establishment of the Individual Goals for 2020.

The LDE also produced a report by company, which contributed to the analysis of potential areas of skills development in each of them.

■ IN THE CEMENT SEGMENT



PEOPLE DAYS: PEOPLE AT THE CENTRE OF THE DISCUSSION

Leaders invested quality time to talk about each team member

People Days are part of the annual performance cycle and feed discussions about organisational and individual development opportunities. The first People Day was held in February 2020, with two editions planned for the year 2021 – the first again in February and the second in the middle of the year.

The 2020 sessions had a big impact on the organisation, as leaders invested quality time to talk about each team member and listen to their peers' perception of them, thus contributing to alignments on the desired performance standards.

All team leaders participate in the People Days sessions and the discussion takes place regarding the achievement of the objectives set at the beginning of the previous year, as well as the competencies of each employee. The Secil Group uses a wheel of competencies with four key factors – thinking about the business, achieving results, leading people and personal leadership – and 15 competencies. Of these, seven are considered fundamental to achieving the results of the group's current strategic cycle and, for this reason, are the subject of discussion on People Days.

COMPETENCIES SQUARE





FEEDBACK 360°

It is one of the most powerful "tools" for individual improvement

In the Secil Group, Build Up is the leadership development programme and, in 2020, it presented a novelty: Feedback 360°. This methodology promotes a deeper understanding of oneself through the eyes of other colleagues with whom the participant relates within the scope of his/her function. This is not a moment of evaluation, but a moment of reflection, construction, commitment and alignment. It is one of the most powerful "tools" for individual improvement, because it gives one a view of the "blind spots" that can only be seen from a different angle. We do not always have a chance, in our daily life, to collect this valuable input.

In November, the first level of leadership of all the countries in which Secil operates participated in Feedback 360° and received feedback from all the team members, peers and the immediate leader, through a simple and effective online tool. In this way, leaders were able to understand the impact of their behaviour on others. The 7 key competencies defined for the group's current strategic cycle were analysed. At the end of the process, each participant received a final report with all the inputs and had an individual session with an expert to analyse the document. The improvement opportunities identified on it will be incorporated into the Individual Development Plan that all Build Up participants prepare each year.

■ IN THE PULP AND PAPER SEGMENT

NEW PERFORMANCE MANAGEMENT MODEL



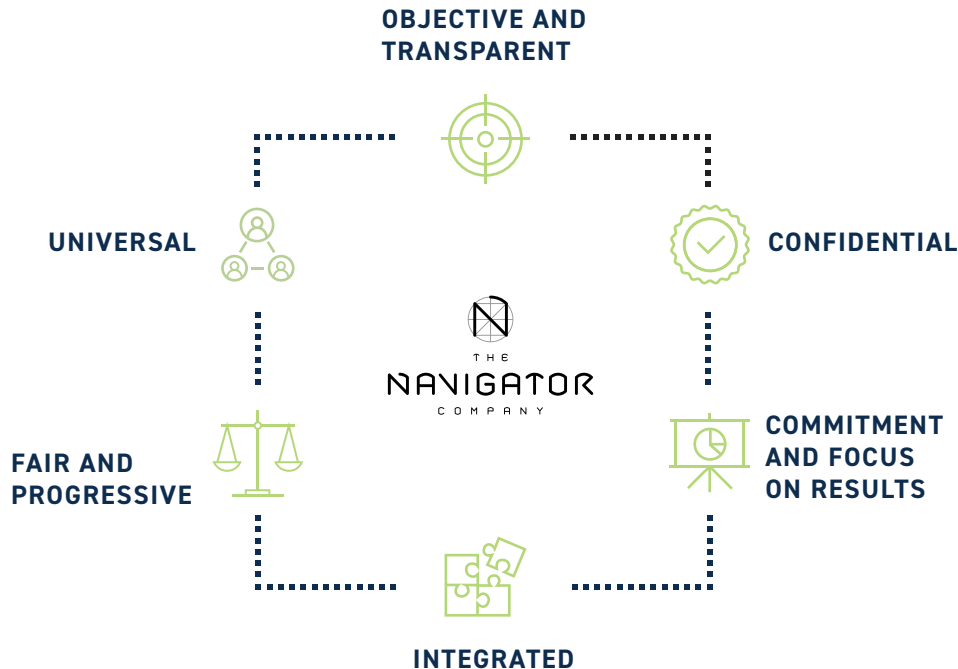
A new platform for Management of the Employees' Performance

Navigator is implementing a new Performance Management model, based on 6 key principles that will allow greater employee involvement in this process. The preparation of this model included the design and application of a new system, more efficient and user-friendly, that will allow both employees and managers, to easily access their objectives and feedback.

In order to implement this application, Navigator held training sessions, involving over 1,500 employees, in face-to-face or digital format and about 2,100 e-learning events. This way, the entire group of employees can experience access to the platform in this start-up year, and more than 90% of the employees already have goals and feedback on the platform.

KEY PRINCIPLES

PERFORMANCE MANAGEMENT MODEL



INVESTING IN THE FUTURE THROUGH QUALIFICATION

Aware that training is one of the most powerful tools to prepare the future of the Group's companies, all of them have areas dedicated to structuring training plans and programmes that will generate value for the companies and the Group. Secil's Build Up Programme and Navigator's New Skills Plan are concrete examples of company strategies to empower their employees. Although these are two examples of concrete and structured programmes, all the companies, including ETSA, provide training in other settings, in all areas, whenever relevant to the employee or the company.

The goal is to have over 200 technical trainings customised to the company's reality

NAVIGATOR'S NEW SKILLS PROGRAMME

During 2020, a project was initiated to define new training programmes for technical areas, with the objective of having over 200 technical trainings customised to the reality of Navigator.

Given the magnitude and technicality of the contents, the project is being developed in partnership with the business, the courses, programmes and the programme contents being defined in 2020. The development phase of pedagogical materials and evaluation tools has also begun, with its progressive implementation kicking off in 2021.



■ IN THE ENVIRONMENT SEGMENT



2,077 training hours in 2020

With regard to the training given to ETSA employees, 2020 was based on a diagnosis of training needs, and the main topical areas identified were occupational hygiene and safety, driving techniques, computer training and specialised technical training.

In the field of occupational hygiene and safety training, more advanced training in the field of fire safety was given regarding general concepts of fire safety self-protection and evacuation signage. These training actions were general in scope and given to various employees of the different companies of ETSA in a hybrid format, that is, one part face-to-face and another part online.

For the Logistics Department, a specific training was developed with the support of a training company specialised in this area, which was given to all the employees in a face-to-face setting. This training was designed to increase the involvement of employees in the company's objectives, contribute to the improvement of operational indicators and reinforce the importance of participation in results. Specific topics were also addressed for drivers and helpers, such as: unnecessary fuel consumption; service fee; reduction of errors in document processing; corrective maintenance interventions for accidents.

IT training was also in the spotlight in 2020, focusing on digital collaboration supported by Office tools. All these actions were in e-learning format and encompassed all the employees from the various ETSA departments who work daily with these computer tools.

In addition to the actions mentioned above, specialised technical training was also provided in the areas of mechanics, electricity, welding and steam boilers. These training actions were provided in person by specialised training entities, responding to technical specifications within the scope of industry activities and industrial equipment.

■ IN THE SEMAPA GROUP



CONFERENCES

Within the topic of employee development and besides the individual training given, we should highlight the 3 conferences that were held during the year:

- Minnie Freudenthal: The domains of neuroscience
- Institute of Nuclear Medicine: COVID and the most current perspectives
- Arash Aazami: The Future of Energy

7.2 GROUP CULTURE AND MOTIVATION

WHAT IS THE RELEVANCE OF THIS TOPIC?

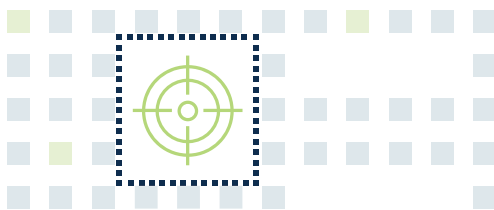
Semapa puts special emphasis on how values are experienced and put into practice in the Group, echoing the founder of the Group, Pedro Queiroz Pereira, who said, "Values come before results".

The Group's largest companies have already set forth the values of each company, which are published on the respective websites. At Semapa as a Group, the values have not yet been formally codified due to the diversity of contexts. Nevertheless, the guidelines of our common values are present in our day to day activity, in all the companies and in all the geographical regions:

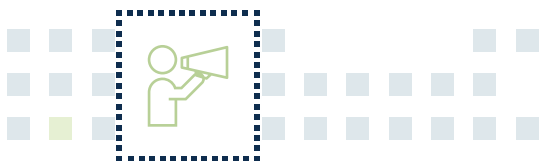
- **Ethics** and **Integrity**, as a way of being and of living
- **Respect for people**: a posture of justice and sharing, a collaborative way of working, based on trust
- **A coherent public posture** that is transparent, but never ostensive
- **A profound social and environmental conscience**, which should direct each of our acts
- **Innovation** and **Excellence** in our creation of value and in our entrepreneurial ambition



Over 300 employees on the online version of the Semapa 2020 Meeting



Launching of the Internal Mobility Policy

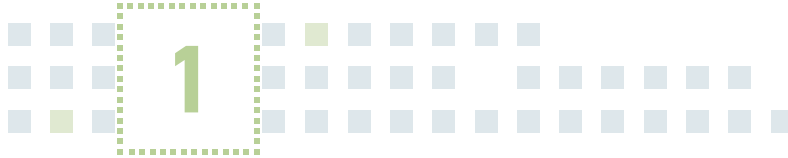


New Leadership Model



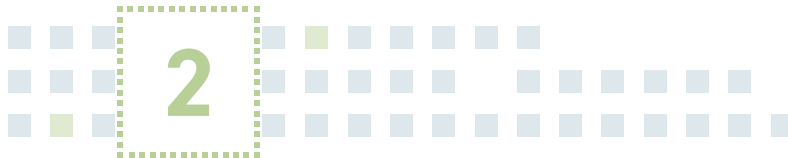
REINFORCE THE GROUP VALUES AND CULTURE

The Group culture – being the foundation of the activities of all the companies and, despite it being an atypical year due to the pandemic – was always part of Semapa's focus, which it continued to disseminate. Some of the initiatives are highlighted here:



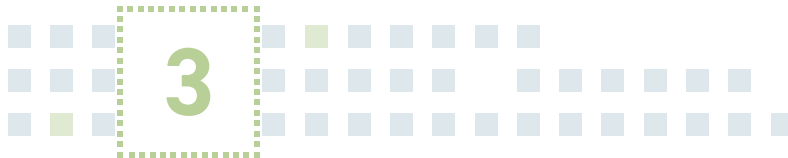
2020 SEMAPA MEETING

Held in digital format this year, it brought together over 3 hundred staff members, in which the Group values were highlighted. It was also an encounter where participants got to know the main projects of each of the companies, helping reinforce the pride of belonging to the Group.



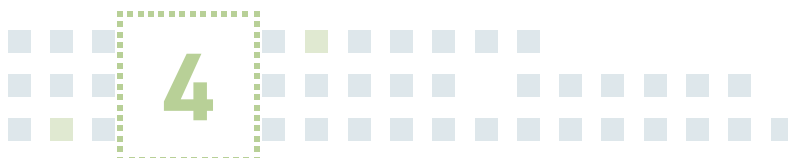
MOBILITY POLICY

Creation of a Mobility Policy for the Semapa Group, fostered by the Holding and developed in conjunction with the HR Departments of the Group. This instrument will give employees easy access to the opportunities that come up in any of the companies and allow them to develop their professional career in the Group



LEADERSHIP MODEL

Leadership Model for the Semapa Group, an instrument developed in 2020, which will be implemented in 2021 and will be participated in by all the HR Departments of the companies that make up the Group. The intention is for the Model to be a leadership conduct guide for all those who are team leaders.



SEMAPA NEWS

An instrument of communication that was made tangible this year in a video dedicated to the initiatives of Social Responsibility carried out by the companies during 2020, knowledge that was aggregated and made available in all the companies.

7.3 OCCUPATIONAL HEALTH, SAFETY AND WELL-BEING

WHAT IS THE RELEVANCE OF THIS TOPIC?

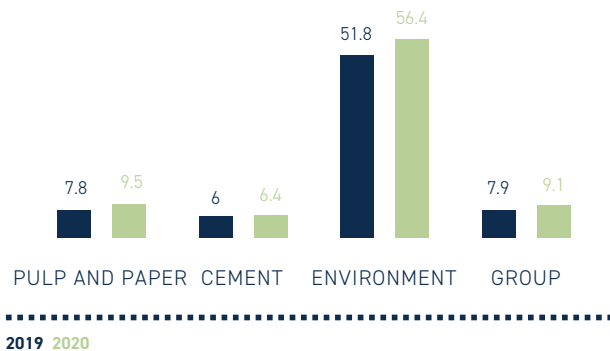
The care for internal employees as well as for external employees, whether permanent or temporary, is a priority of all the Semapa Group companies. Despite the different stages of the safety culture they may be in, all the companies seek to achieve excellence through a bond of interdependence, where each employee watches out for himself and for others. With the pandemic crisis, this culture of safety has become even more relevant, with the need to protect all the employees, ensuring the continued running of all operations.



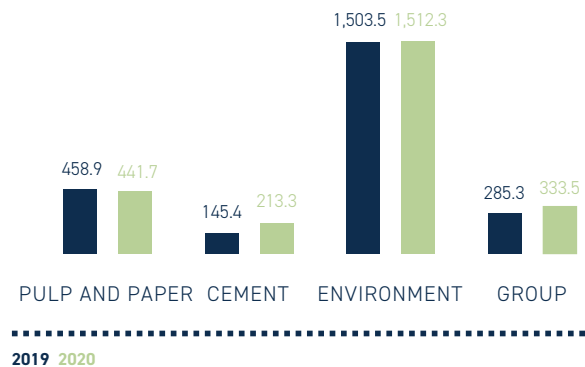
For the reasons indicated, the Semapa Group is working to follow a common path and the sharing of experiences takes place in the Safety Working Group (WG) of the Sustainability Committee. Therefore, in this WG, the monitoring of trends in the various sectors is carried out holistically, priority issues are defined and common initiatives are promoted, the main objective being the alignment of the group's level of excellence.

OUR PERFORMANCE

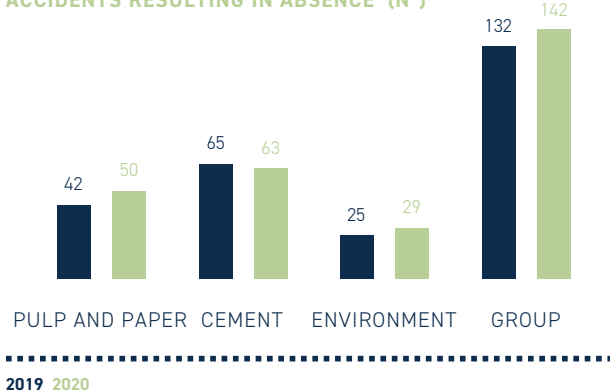
FREQUENCY RATE



SEVERITY RATE



ACCIDENTS RESULTING IN ABSENCE (N°)



Note: The values presented for Navigator (Pulp and Paper-P&P segment) only include in internal employees, as in previous years, which are reflected in the Group values. Since 2020, however, Navigator has included external employees in the safety indicators and therefore the 403 disclosure in the GRI index already reflects this new methodology, which impacts the Group's values.

At ETSA (environment segment) a specific work is being done with those responsible for the Technical and Logistics areas to reduce accidents and reinforce the importance of behavioural safety. This work is the result of a Roadmap for Safety (described in this chapter), which defined a set of measures aimed at implementing a safety culture.



THE COVID-19 PANDEMIC AUGMENTED THE IMPORTANCE OF THE TOPIC

All companies have implemented robust contingency plans to address this crisis, in which priority was common, ensuring the health and safety of all. The response given by the companies is detailed in chapter 3.1. COVID-19: A response

The year 2020 was dominated by the COVID-19 pandemic, and by the need for a quick adaptation of the processes in order to prevent any outbreaks within the operations of the subsidiaries and Semapa itself.

It should be noted that Semapa's main concern as a Group throughout the year was to ensure the best safety conditions for its employees in the face of the pandemic situation we are experiencing.

Accordingly, the year was marked by the work of a Covid Monitoring Committee that, in a joint collaboration between all the Group companies, prepared the Contingency Plan for the pandemic and made the decisions that were most appropriate at each moment.

The implementation of the teleworking regime; the adaptation of schedules/teams in order to reduce the concentration of employees in building; the performance of tests whenever appropriate; and the permanent communication with all the employees in matters regarding COVID-19 were some of the measures implemented to address the pandemic situation.

In short, 2020 was a year marked by the pandemic, during which the search for employee safety for was always in 1st place. With this focus, the new ways of working and the routines implemented made it possible to maintain the proximity between the teams and accompany the reality of each of our employees, while we moved forward in the development of the Talent Management strategy of Semapa, creating strong foundations for going on in 2021.

IMPLEMENTING A CULTURE OF SAFETY AND HEALTH

2020 was dominated by the coronavirus pandemic and the need for a quick adaptation of processes in order to prevent any outbreaks in the context of the operations of the subsidiaries and Semapa itself. **All the companies have implemented robust contingency plans to address this crisis, in there was a common priority – ensuring health.**

"We at Semapa highly value Safety and Health.

There is already within the group of companies Secil, Navigator and ETSA, a lot of knowledge, work and development of this issue. For this, the sharing of good practices and a helping spirit are the pillars of this working group. We seek to align the level of excellence of the Group, challenging companies through joint initiatives on priority issues in the area of safety and health. In addition to the performance within the Group, we also follow the benchmark of the best in each operational sector of the companies, allowing us to move towards the excellence of the safety culture in the Semapa Group."



ANA PAULA RODRIGUES

COORDINATOR OF THE WG
ON HEALTH AND SAFETY AT
SEMAPA

■ IN THE CEMENT SEGMENT



SAFETY ROADMAP 2021-2025.

The path to a better Safety culture

The Safety Roadmap is a global tool, across all geographic regions, that was developed in 2017 to define a common strategy for SECIL, regarding Safety and Health at Work, involving all the geographic regions.

This is a dynamic tool that defined a common language within Secil in relation to all matters of Safety and Health at Work.

After the first period of the Safety Roadmap 2017-2020, it was time to reflect and prepare the next phase, the Safety Roadmap 2021-2025.

Among the new projects of the Plan are several initiatives, especially Boots on Ground, a project to strengthen visible leadership and a focus on improving the risk perception of all operations employees.

The main gains from the implementation of the Roadmap are:

- The systematic implementation of subjects related to Safety and Health at Work
- Contribution to building up the safety culture and the improvement of the performance of the areas/facilities
- Improvement in the implementation of safety rules and procedures for the various operational activities, including critical activities
- Contribution to better communication between teams and the transparency of safety issues
- Increased commitment of the departments and the involvement of people
- The involvement of the various facility teams, safety links, leaders and operations workers
- Sharing best practices and benchmarking within Secil

Already with the learning acquired in the first Roadmap, it was possible to define a common Security Framework for the Group, based on the five pillars of the Safety Policy - Leadership, Operational Safety, Management Systems, Communication and Training, which made it possible to organise and standardise the various elements of Safety and Health and will enable carrying out maturity assessments in the future, which will determine the level of each facility in the operational excellence of Safety and Health.

■ REDUCING WORK ACCIDENTS

In April 2020, after finding that the number of serious accidents was increasing, Secil decided to improve the monitoring, involvement and reporting of actions resulting from this type of accident, extending them not only to the place of occurrence, but to all possible places at risk of recurrence of the accident.



A platform was therefore created for the monthly monitoring of the status of actions that should be implemented, in all the geographic regions, in order to be able to analyse the various actions, being monitored through a KPI that integrates the Leading Indicators¹. This assessment will be complemented by site visits to check on the improvements achieved as soon as the pandemic permits.

This being a topic of great relevance for Secil, it is monitored monthly by the Executive Committee and the CEOs of the various geographic regions, in which a status report on the subject is presented.

These actions improve the process and produce information for decision making, but on their own do not solve the occurrence of accidents, so Secil is committed to improving the effectiveness of actions and promoting the involvement of everyone. In this context, a policy of consequences is in force, which will focus only on incidents that occur due to non-compliance with established safety procedures.

"And here we all have a role, which can start with each of us using our STOP CARD more, whenever you notice any unsafe behaviour of a colleague."



■ IN THE PULP AND PAPER SEGMENT

ZERO ACCIDENTS RESULTING IN ABSENCES IN APRIL



All employees (internal and external) maintained Navigator's operability during the 1st confinement phase defined by the State of Emergency, with an exemplary response in compliance with the measures implemented to prevent the contagion and spread of the virus. **This responsible behaviour, in all safety procedures, led to the registration of zero accidents with absences in April, in all industrial units and in the forestry, commercial and support areas.**

1. Proactive indicator, as opposed to a reactive indicator (Lagging Indicators – frequency and severity index), the goal being to measure the proactivity of the safety performance. Examples include Safety Talks (DDS), Safety Walks, hours of safety training, Roadmap status, status of the actions of serious accidents, status of the actions of the quasi accidents. More information at Secil Group Sustainability Report 2018/2019.

■ IN THE ENVIRONMENT SEGMENT



ETSA SAFETY ROADMAP

"We believe that this Path that we are taking will allow us to achieve, soon, the goal of an efficient Culture of Safety: Zero Accidents"

For ETSA, the concern with safety has always been a constant and one of the pillars that define the company, together with Innovation, Excellence, Quality and Sustainability.

This concern led to the implementation, in 2018, of a new model of efficient management of operations oriented towards a new organisational culture, based on valuing people. Called MAIS ETSA, this initiative involved all levels of the organisation and focused on all safety procedures, from products to employees – which raised awareness about the need to more effectively identify the factors that create a risk to people's integrity in terms of safety and health.

As a result of this initiative, ETSA concluded that it needed to start a new path for Safety and Health at work. With the support of an external team, it began to design a new Roadmap for Safety. This process included a review of the functions and a risk assessment for each of them, which later led to the preparation of Plans with Corrective and Preventive Measures defined with a view to mitigating the risks. These Plans were presented to those responsible for the different areas of the company: technical, logistics, commercial, so that they could be implemented in a short period of time.

At the same time, new Safety Instructions, Equipment Matrix and Review of Work Procedures and Hygiene Plans for all facilities were drawn up, due to the pandemic. Another step along this course was the careful analysis of the accidents suffered by employees and, then, to define preventive and corrective measures ensuring communication to all those in charge, to ensure a smooth, quick intervention.

In 2020, a key action was the decision to consider Occupational Hygiene and Safety as a specific area within the ETSA organisation chart, responding directly to the Administration, although linked to the Human Resources Department. This decision reflects the importance of the topic for ETSA.

Training in this area was also important in the last months of the year, through several sessions with groups aggregated by functions, keeping the dialogue open in the approach to the presentation of the hazards identified, the risks and safety measures defined, the Risk Assessment, Instructions and Procedures. The involvement of employees was fostered, ensuring the sharing of experiences, in order to validate the results and gather more information and suggestions that would make for a more effective intervention in risk mitigation.

These enriching dialogues are enabling us to improve our perception of the risks to which all those who are part of ETSA they are exposed, and many of the inputs received are included in the Corrective and Preventive Action Plans to be applied and considered in the revisions of the Safety Procedures and Instructions, from a perspective of Continuous Improvement.

Safety Manager at ETSA

LONG-TERM PREVENTION

The health and well-being of employees is also one of the axes of action on the part of the Group's companies, and monitoring in the areas of nutrition, psychology and physiotherapy is carried out. Furthermore, the prevention of injuries is as important as that of accidents and some initiatives have been taken, aimed at avoiding this type of disease.

■ IN THE PULP AND PAPER SEGMENT

ERGONOMICS PROGRAMME

12 actions identified

Included in Navigator's Organisational Health Programme, the Ergonomics Project implemented several improvements in the manufacturing jobs in 2020, as well as in three areas of production and paper.

Exoskeleton tests were also performed to improve posture and prevent musculoskeletal injuries especially when repetitive tasks are involved. The use of this equipment requires pilot actions in the different industrial complexes in order to validate their application. This project will be extended to all industrial units, when the health emergency permits.



NEW FORKLIFT FLEET, INCREASED SAFETY AND EFFICIENCY

103 new electric forklifts capable of enhancing the safety and ergonomics of Navigator employees

Within the occupational health and safety area, this project involved a multidisciplinary team, in order to ensure that the new machines incorporate the best practices with regard to ergonomics and employee safety.

With the analysis of the tasks and types of injuries most frequently associated with the driving of forklifts, it was possible to select the specifications of the new forklifts in terms of ergonomics and safety. It is estimated that this new solution will have a potential positive impact on the number of injuries, as the new forklifts increase the protection of the operators and other employees who circulate in contiguous spaces.

It is also important to highlight the greater efficiency with regard to fleet costs, in addition to the environmental benefits in terms of energy efficiency, since they are electric powered.



A Casa da Natureza
Maravilhosa criação



PROTECTION OF THE PLANET

THE SEMAPA GROUP IS FULLY COMMITTED TO SEEKING SOLUTIONS TO MEET THE CHALLENGES ASSOCIATED WITH THE PROTECTION OF THE PLANET

8. PROTECTION OF THE PLANET

The scarcity of water, climate change and the loss of biodiversity are the most demanding challenges of our time. In recent decades, our economic system has been based on resource-intensive consumption, at a higher rate than nature can replace those resources, and in the future this could have implications for the well-being of the population. It is urgent to minimise these impacts. Companies play a key role in this transition and Semapa, as a Group, is making efforts to adapt its activities and align with the European strategy of transition to a green economy.

Companies must adapt resiliently and sustainably, contributing to the development of new dynamics facing the challenges such as **Water Management, Climate Change and Energy**, the **Circular Economy** and **Biodiversity**

2020 IN NUMBERS



66,315,141 m³
of water withdrawal



Emission of
4,920 ktCO₂
(Direct and Indirect)



58,601 TJ
of energy consumed



Around
53,983 ha
of managed area near
protected areas
or with a high
biodiversity index



Raw materials consumed
21,670 kt
20% renewable



Over **50%**
of the primary energy
consumed was from
renewable energy sources

"The proactive vision of the 'Responsible Use of Resources' constitutes an essential value and provides strategic orientation in the actions of the companies of the Semapa Group, in line with the great designs for the protection of future generations defined by the United Nations and other international organisations.

Working in various sectors of activity, Navigator, Secil and ETSA companies have developed their strategic plans where the responsible use of resources has a prominent place.

The diversity of solutions adopted is an important repository of initiatives and experiences that provide significant efficiency gains when shared in the Group.

It is important to highlight the results already achieved by Secil in the valorisation of fuels from waste, the plans implemented in Navigator to reduce the use of water as well as lowering its emissions, plus the achievements of ETSA in the production of biofuels, not forgetting the important gains made by all the companies in Energy Efficiency."



ÓSCAR ARANTES
COORDINATOR OF THE WG
FOR THE RESPONSIBLE USE
OF RESOURCES OF SEMAPA

8.1 WATER MANAGEMENT

WHAT IS THE RELEVANCE OF THIS TOPIC?

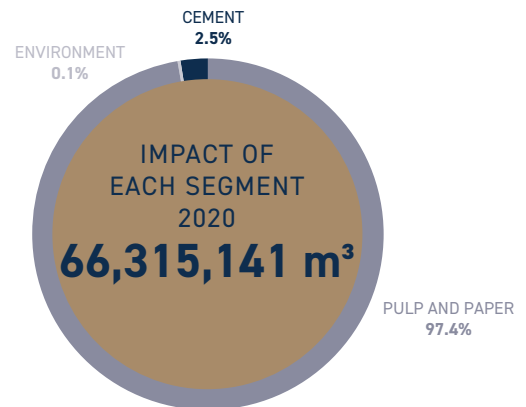
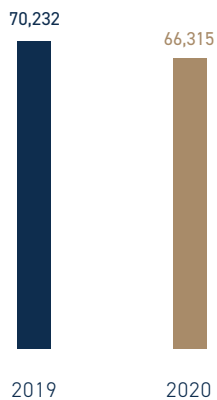
Water management is one of today's major challenges, as it is a scarce resource shared by all. However, between anthropogenic activities and nature, this resource, although renewable, is limited to the amount available on the planet. Population and economic growth has put a lot of pressure on this resource; it is estimated that by 2030 the water consumption will correspond to 40% of the available water on Earth. The convergence of various factors such as increased consumption, the impacts of climate change and the deterioration resulting from human activities is creating unprecedented stress levels.



Semapa is monitoring this issue through the Sustainable Use of Resources Working Group, sharing best practices among the subsidiaries, since they all contribute to the impact on this resource through their different activities. There is a common alignment of all the companies, with the aim of managing and minimizing impacts on water. At the global level of the Semapa Group, the pulp and paper industry makes a very significant use of this resource and has been reinforcing its actions in recent years to minimise its impacts.

OUR PERFORMANCE

WATER WITHDRAWAL



Volume of water (x1000m³)

HOW DO WE MANAGE OUR WATER CONSUMPTION?

■ IN THE PULP AND PAPER SEGMENT

Reduction in the specific consumption of water by 15 to 20% by 2025



Water is a very important resource in the production of pulp and paper. It is used in virtually all phases of the production process: in the operations of washing, transport and transfer of pulp; in the production of steam, as well as in the cooling and cleaning of equipment, among many other uses.

The water used in the manufacturing facilities comes mainly from the company's own catchments: in the Industrial Complexes of Aveiro and Figueira da Foz, the water comes from surface capture in the Vouga and Mondego rivers, respectively; in Setúbal, the catchment is underground using a network of bore holes, managed in order to optimise the sustainability of the aquifer.

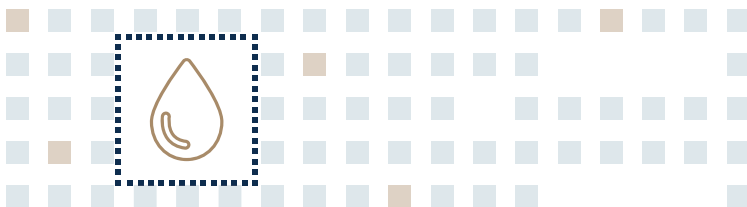
The water captured is then treated as appropriate for its intended use. Aware of the importance of the sustainable use of water, the pulp and paper sector has developed from early on, and continues to develop, solutions to rationalise water consumption, the most significant solution its being reused in various stages of the production process.

Navigator, sensitive to the importance of this resource, maintains an intense Water Use Reduction Programme and has set a target for reducing specific water use by at least 33% by 2030.

WATER USE REDUCTION PLAN (WURP)

Over the years, the Company's manufacturing units have developed programmes that have reduced the use of water in the industrial process. Since 2017, Navigator has employed a Corporate Programme to Reduce Water Use, which includes a set of measures for the recirculation and reuse of water in various stages of the production process. This plan is one of Navigator's tools to support meeting the 2030 water use reduction target.

In an atypical year like 2020, the vast majority of measures associated with the Programme were postponed until 2021. However, Navigator teams developed a set of activities throughout the year, with emphasis on optimising the paste washing in the paper machine in Figueira da Foz, with gains of 7% in total consumption, compared to 2019. In Aveiro and Setúbal, through measures such as the closing of circuits, the restoration of vents and seals, and the installation of more efficient equipment, among others, an annual reduction of approximately 350,000 m³ and 500,000 m³, respectively, was achieved.



■ IN THE CEMENT SEGMENT



In the cement and aggregate industry, the main use of water is associated with the cooling circuits of machinery and equipment, the conditioning of gases from the ovens and the cooling of cement mills, being also used in washes, watering of green spaces, in the landscape recovery of quarries and also in the humidification of the roads, especially in the summer season, as a way to minimise the diffuse emission of particles.

The cooling systems of machinery and equipment are closed circuit, which allows the use and reuse of industrial water, significantly reducing the water consumption of the process and minimising the production of liquid effluents.

■ IN THE ENVIRONMENT SEGMENT



ETSA companies use water primarily for the production of steam and for the washing and disinfection of raw material collection facilities, equipment and vehicles.

The water comes from public supply and catchment bore holes. Water consumption is monitored in all units and there is a reduction plan. All steam production facilities are equipped with condensate recovery systems and an investment project is currently underway to improve the efficiency of these systems.

PROJECTS

REUSE OF RAINWATER AND WWTPS

In Secil's operations in Brazil, rainwater is collected and treated in such a way as to be used in the toilets and cooling systems of industrial equipment. In Lebanon's operations, the water treated in the WWTPs is used in the humidification of the streets and the spray of the quarry paths.

REDUCTION OF CONSUMPTION IN TUNISIA

A project is underway to implement smart meters to improve the monitoring of water consumption at the plant; meanwhile, more efficient taps have been installed, measures that will allow Secil to reduce water consumption in its operations.

HOW DO WE RETURN THIS RESOURCE TO THE ENVIRONMENT?

The concern about the best management of this resource also extends to the way water is replaced in the environment, minimising the impacts of our activities on water quality. All the companies of the Semapa Group ensure the proper treatment of their effluents, meeting all the discharge requirements of the treated effluent in the receiving waterbody.

All effluents are routed to Wastewater Treatment Plants (WWTPs) and Navigator and ETSA facilities have their own Industrial Wastewater Treatment Plants (IWWTPs), which ensure the best quality of discharged water. Navigator is implementing a set of investments to improve and strengthen monitoring of its IWWTPs, and is conducting technical studies to assess the potential impact of its treated effluents on the quality of the receiving waterbodies. At the same time, ETSA has an investment that will result in increased capacity and the application of new technologies in the WWTPs in Loures and Coruche.

PROJECTS

CIRCULAR ECONOMY REDUCES ORGANIC LOAD OF EFFLUENTS

A project is underway at ETSA's factories to remove the protein (blood serum) from a residual water flow, which will allow the reuse of this protein, resulting in a decrease in the organic load of this flow.

8.2 CLIMATE CHANGE AND ENERGY

WHAT IS THE RELEVANCE OF THIS TOPIC?

Climate change is an unavoidable topic, and the reduction of greenhouse gas emissions has become a priority. The Semapa Group has joined forces in this direction and is debating the possible paths to the group's decarbonisation through the bottom-up perspective. Each of the members is taking steps to reduce their emissions and decarbonise their activities, and these practices are being discussed in Semapa's Decarbonisation Working Group, so that a common strategy can be established and a carbon roadmap for the holding company is designed.



Currently two of the Group's companies have already established concrete investment plans aimed at reducing emissions in their operations, with established targets of:

- **86% reduction in emissions in Navigator industrial complexes by 2035**
- **15% reduction in emissions at ETSA plants by 2025**

Investments in these plans are mainly based on the transition to renewable energy and increased energy efficiency.

On the other hand, Secil, responsible for the largest share of the Group's CO₂ emissions, is aligning itself with the path that the cement sector is charting, taking into account the specificities existing in each of the regions where it operates, **aiming at the carbon neutrality of concrete in 2050²**, through the decarbonisation of the cement and concrete value chain. At the same time, an important set of projects has been carried out both in the area of research and development and in the modernisation of facilities with the aim of reducing the Group's emissions.

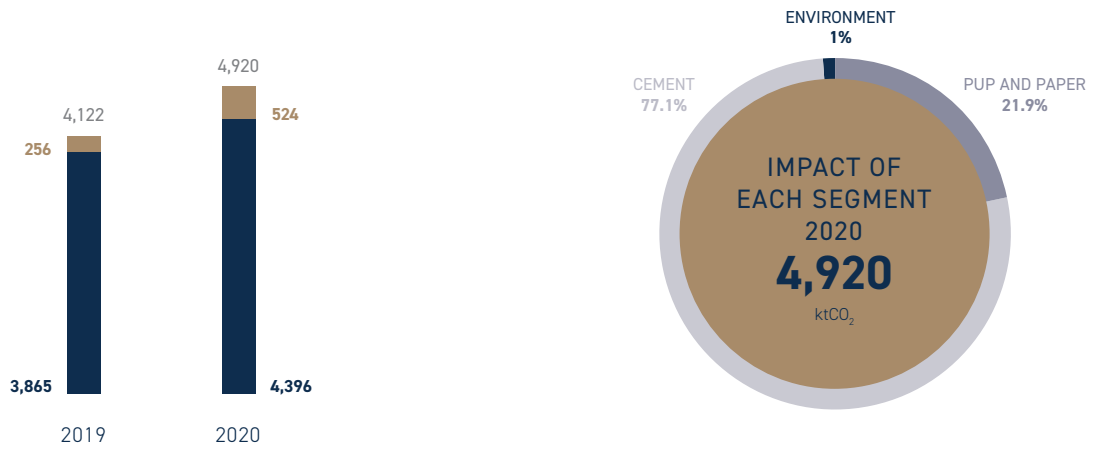
In 2019, Secil published a set of commitments for the 2020-2030 decade, including:

- The definition of a strategy to mitigate climate change, with the publication of concrete targets and their progress and;
- Setting emission reduction targets and publishing their progress.

2. CEMBUREAU's Neutrality Roadmap - <https://lowcarboneconomy.cembureau.eu/carbon-neutrality/>

OUR PERFORMANCE

DIRECT AND INDIRECT EMISSIONS

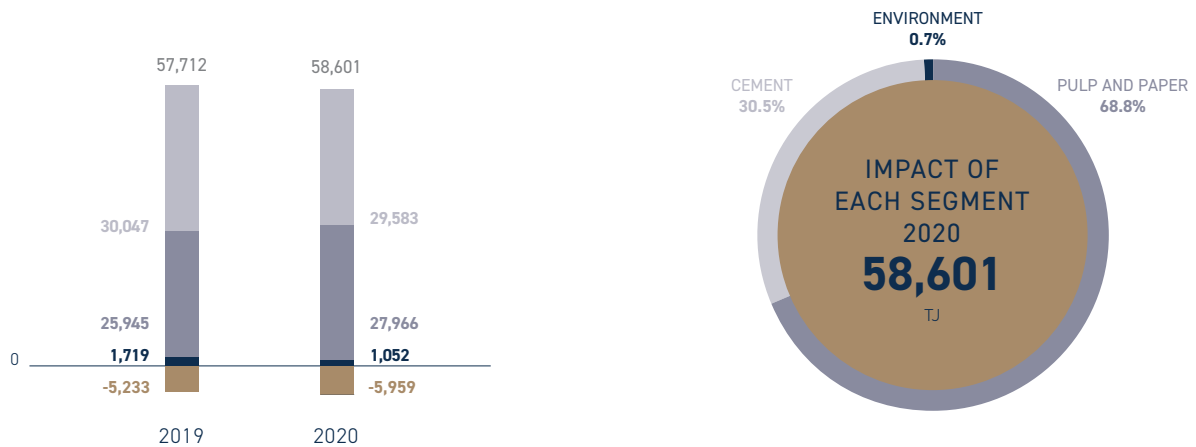


ktCO₂

DIRECT EMISSIONS **INDIRECT EMISSIONS**

Note: Values for indirect emissions increase, due to the change in the methodology use in counting Navigator's emissions, which now integrate the 2nd scope.

ENERGY CONSUMPTION



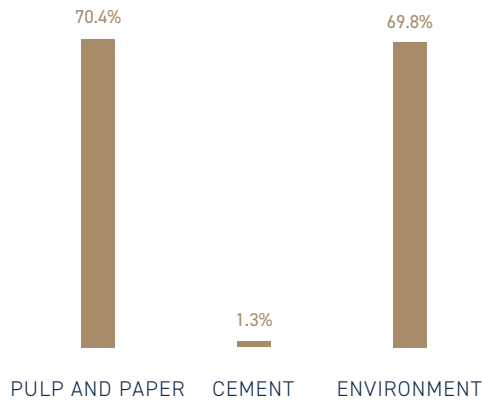
TJ

ENERGY SOLD **NET ENERGY ACQUIRED**

NON-RENEWABLE PRIMARY ENERGY **RENEWABLE PRIMARY ENERGY**

Note: The amount of energy purchased presented is the result of the balance between the actual amount of energy purchased (GRI 302-1: 2019 - 6,953 GJ; 2020 - 7,011 GJ) and the amount of energy sold by the Group. In both years, 2019 and 2020, the Group purchased more energy than it sold, that amount being reflect in the graphic.

CONSUMPTION OF RENEWABLE ENERGY



% OF RENEWABLE PRIMARY ENERGY
2020

The Semapa Group used 51% of Primary Renewable Energy in 2020

WHAT'S THE PATH TO DECARBONISATION OF THE GROUP?

The path forward for the Group begins with the subsidiaries, which are creating their decarbonisation strategies, which in turn are reflected in the Group's Vision.

"For some years now, climate change has become so evident that no one questions the importance of reducing greenhouse gas (GHG) emissions. The topic is already part of the agenda and strategies of many companies, and Semapa, being a large industrial group, has also assumed its responsibility.

Each of the subsidiaries has already taken important steps towards carbon neutrality, but with the creation of the Holding's Decarbonisation Working Group, Semapa is taking the issue to a higher level.

The working group, composed of employees from each of the companies will design the Semapa Carbon Roadmap, with clear and ambitious objectives. The establishment of this working group is also a great opportunity for sharing and valuing the immense know-how that already exists within Semapa."



**WOUTER
VANDERPOORTEN**
COORDINATOR OF THE WG
ON DECARBONISATION
OF SEMAPA

■ IN THE CEMENT SEGMENT



In its commitments for 2020-2030, the company intends to define a strategy to mitigate climate change, with the publication of targets and the performance evaluation

Secil has invested in the reduction of its CO₂ emissions through thermal and electrical efficiency gains, the use of alternative fuels and the development of innovative technologies for CO₂ capture and use.

In the area of research and the development of disruptive technologies, the company is developing a pioneer project for the capture and use of carbon in its industrial complex at Maceira-Pataias, in Portugal (CLEAN4G Project, presented in chapter 8.3 Circular Economy).

It also began a thorough refurbishment of the Outão unit, the CCL Clean Cement Line project, using more efficient mature technologies and at the same time integrating innovative technologies (Low Carbon Clinker – Project presented in chapter 6.3 Innovation, Research and Development, Energreen, Boost Combustion and Sun2dry) with a strong contribution in reducing the carbon footprint.

THE CEMENT OF THE FUTURE

The Clean Cement Line (CCL) Project is being implemented at the Outão plant, and aims to implement a clean cement line. This project includes R&D investments and has as its main objectives:

- Increased Energy Efficiency
- Reduced CO₂ emissions
- Electric Power Generation

With an investment of around EUR 86 million, this project is expected to be completed by 2023, making this plant a reference in energy and environmental efficiency at the European level. The CCL has been designed and will be implemented by a Secil multidisciplinary team and will be accompanied by national and international technical and scientific partners.

GLOBAL BENEFITS



20%
reduction
of CO₂
emissions



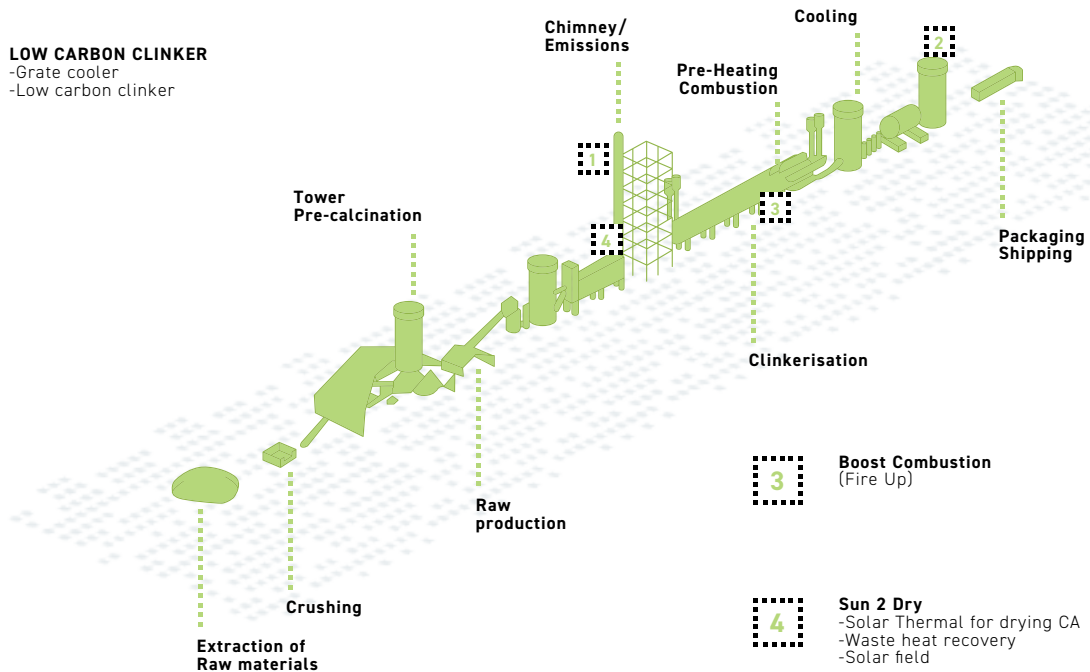
20%
reduction in
thermal energy
consumption

Electricity
production that
will supply
30%
of needs

CLEAN CEMENT LINE

1 **ZERO FOSSIL FUELS**
-Pre-calculator
-Energreen

2 **LOW CARBON CLINKER**
-Grate cooler
-Low carbon clinker



What CCL consists of

This project consists of the reformulation of the manufacturing process, which will entail the implementation of a set of technologies and processes that together improve performance and reduce consumption. The interventions aim to eliminate dependence on fossil fuels and effectively reduce specific thermal consumption, through the optimisation of combustion, drying of raw materials and alternative fuels³, with the inclusion of electricity production through the development of hybrid systems with solar thermal concentration and a process of heat use (Rankine). These modifications will promote the development of a low carbon clinker (LCC), which will consequently create a range of cements with a lower ecological footprint.

3. Use of a new alternative fuel, Energreen, resulting from biomass biorefining to optimise its use in cement ovens

■ IN THE PULP AND PAPER SEGMENT

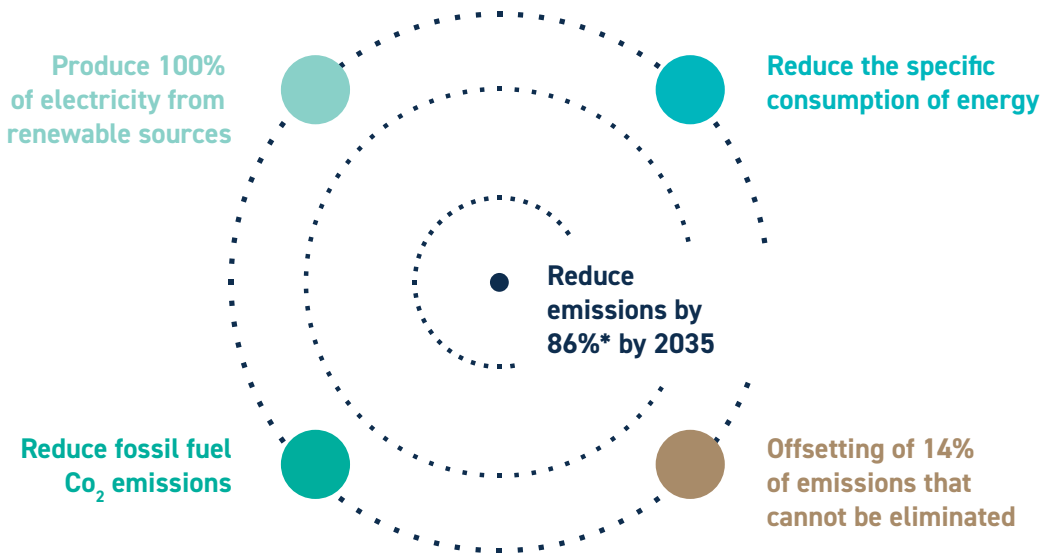
Reduction in the specific consumption of energy by 15% by 2025 and carbon-neutral industrial complexes in 2035



The path of decarbonization of the Semapa Group began in 2019 with Navigator becoming the Group's first company to assume a plan with the ambition of achieving carbon neutrality in its industrial complexes by 2035, with an investment of 154 million euros – called the Carbon Neutrality Roadmap. This commitment was a milestone for the Group, as Navigator was the first Portuguese company to make a commitment in the area of carbon neutrality.

Navigator's plan for decarbonisation is focused on implementing more efficient technologies that will sustain the transition to the use of low-carbon fuels such as biomass while increasing energy efficiency in their processes. 2020 was marked by the inauguration of one of the main projects associated with this plan, the Biomass Boiler of the Figueira da Foz Industrial Complex.

THE NAVIGATOR COMPANY - FOR A CARBON NEUTRAL FUTURE



*in the industrial complexes

NEW BIOMASS BOILER AT FIGUEIRA DA FOZ

At the end of 2020, The Navigator Company inaugurated a new biomass boiler in the Figueira da Foz industrial complex, in a global investment equivalent to 55 million euros. This investment will allow the Company to reduce fossil carbon dioxide emissions in this industrial complex by about 150 thousand to 200 thousand tonnes per year, representing 30% of Navigator's emissions as soon as 2021. Around 400 thousand tonnes of biomass will be used annually in the operation of this new structure. Half of this amount is made up of waste resulting from the internal peeling of eucalyptus wood (bark and sawdust), to which 200 thousand tonnes of forest waste biomass acquired from third parties are added, resulting from forest management and the cleaning operations of rural areas. The Figueira da Foz plant will be Navigator's first with electricity fully produced from renewable sources.

■ IN THE ENVIRONMENT SEGMENT

Currently, 80% of ETSA's CO₂ emissions are of biogenic origin

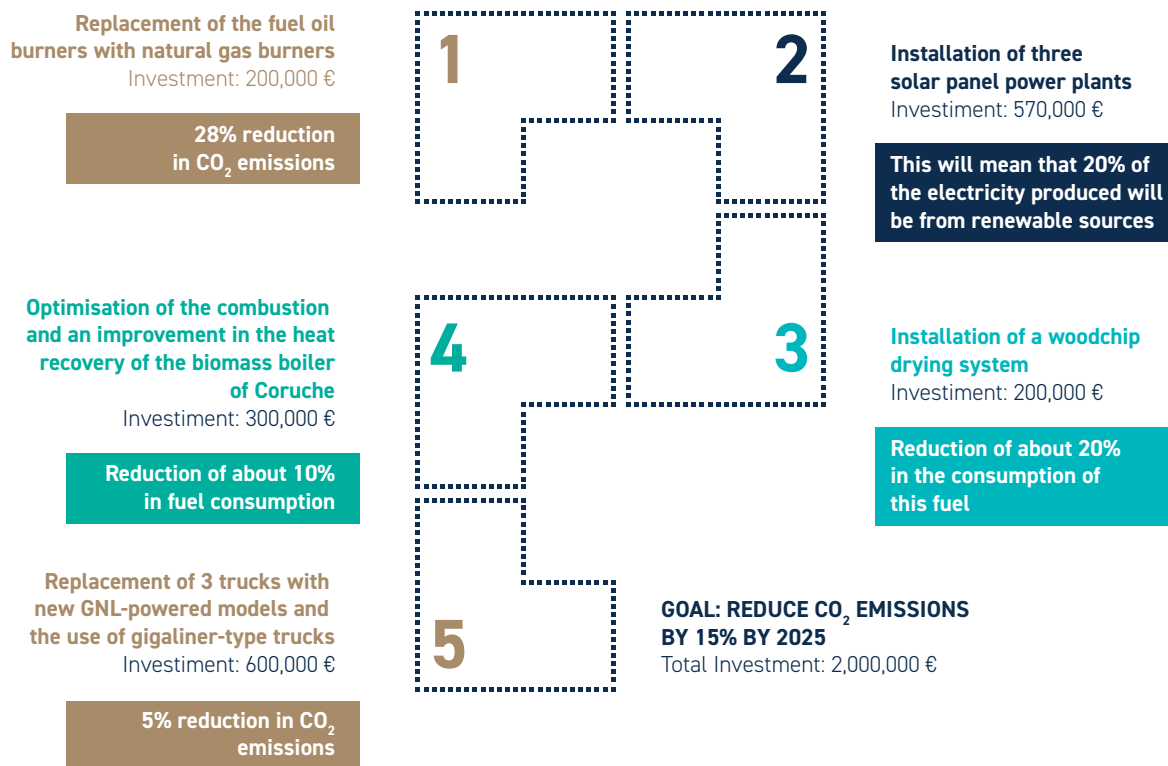


The ambition of decarbonisation also extends to ETSA, whose business is based on the recycling of by-products from the food chain, avoiding the emission of greenhouse gases, since the non-use of these by-products would imply their being deposited in landfill and decomposing there, releasing methane gas, a greenhouse gas more polluting than CO₂. Furthermore, the products resulting from this activity are used, directly and indirectly, in the production of green energy, as well as for the manufacture of feed and fertilisers. In this way, the rendering can prevent about 90% of the possible emissions of greenhouse gas when compared to the natural composting of these by-products, being able to capture about 5 times the amount of these gases it emits.

ETSA is contributing to the decarbonisation of the Semapa Group, with a strong investment in reducing the consumption of fossil energy in its industrial units. With the acquisition of a biomass boiler for the Loures plant and a biomass energy recovery facility (BERF) at the Coruche manufacturing plant, ETSA has already reduced fossil emissions by over 80%.

At the same time, ETSA has implemented a set of projects to make its facilities more efficient, which includes the use of hydrogen to increase the efficiency of biomass boilers; the implementation of improvements in the steam distribution system and condensate recovery in the manufacturing process; the replacement of lighting with LED bulbs; and the installation of equipment for the continuous monitoring of electricity consumption.

Ambition continues to grow and in 2020, ETSA outlined a plan to reduce CO₂ emissions by 15% by 2025, requiring an investment of around 2 million euros.



The transport of raw materials accounts for 11% of ETSA's CO₂ emissions through diesel consumption.

For this reason, in 2020, drivers participated in a training action on eco-driving, **which resulted in a decrease of about 3.5% in fuel consumption.**

8.3 CIRCULAR ECONOMY

WHAT IS THE RELEVANCE OF THIS TOPIC?

The Circular Economy has been a topic on the Group's agenda for the last several years, and has been discussed within the Framework of the Working Group on Circular Economy of Semapa, to enable the sharing of best practices between the companies. As the Group is primarily industrial, the circularity, reuse and recycling of materials has made it possible to obtain high gains in terms of efficiency in the consumption of resources and, consequently, economic gains. All the companies are focused on exploring the opportunities that this economic model can bring to their value chains.

ETSA is one of the best examples of circular economy, with a business model based on the principles of circularity between industries, through the recycling of by-products from the food chain for the production of green energy, but also for the manufacture of feed and fertilisers. Navigator, in the pulp and paper sector, presents a production model with a high use of its by-products, from the recirculation of chemicals used for pulp and paper production, to the biomass resulting from the preparation of wood being used for its own energy production. Finally, Secil, which as a cement industry is responsible for the largest share of the Group's consumption of raw materials, has a value chain that presents several opportunities in terms of circularity with the incorporation of recycled raw materials and the use of alternative fuels to replace fossil fuels.



OUR PERFORMANCE

CONSUMPTION OF RAW MATERIALS



kt
NON-RENEWABLE RAW MATERIALS **RENEWABLE RAW MATERIALS**

"In an increasingly competitive industrial age, marked by digital transformation and a growing ecological awareness of natural resources, the topic of circularity has been imposed as a solution for business and society. In the Semapa Group, companies have been exploring the potential that this economic model can bring to their value chains. In the case of Navigator and Secil, the investment in the recovery of waste and by-products, partnerships and innovation projects has led to resource savings and new products. In the case of ETSA, the business itself is based on the concept of circular economy.

The Group sees the circular economy as an opportunity for growth, the exploration of new markets and increased efficiency in different segments, and this working group is the fruit of that ambition. Together, companies will share knowledge, benchmark innovative practices and collaborate to leverage initiatives that allow the Semapa Group to chart a common path of industrial transformation towards a future in which circular business will be a source of economic, environmental and social opportunities."



PAULA GUIMARÃES
COORDINATOR OF THE WG
ON CIRCULAR ECONOMY
OF SEMAPA

THE CIRCULARITY OF OUR VALUE CHAIN

THE USE OF SECONDARY RAW MATERIALS

The by-products of other industries enter our production cycles as raw materials.



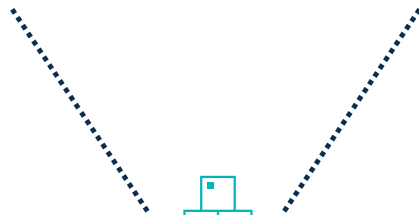
THE USE OF ALTERNATIVE FUELS

We produce energy through alternative fuels in the place of fossil fuels, which may be renewable, such as biomass, or through refuse derived fuels (RDF).



THE USE OF RAW MATERIALS FROM RENEWABLE SOURCES

Some of our production processes use raw materials from renewable sources



HIGHLY RECYCLABLE PRODUCTS

Some of our products are recyclable at the end of their life cycle



THE USE OF SECONDARY AND RENEWABLE RAW MATERIALS

■ IN THE CEMENT SEGMENT



In 2020, Secil incorporated around 1,311,000 tonnes of recycled raw materials, which corresponded to 8% of the raw materials used

The use, as secondary raw materials, of by-products of other processes in the process of producing clinker, cement and concrete has a strong impact on the cement industry. There is regular use of by-products from other industries in the manufacture of clinker, either as gypsum forms or grit for paint stripping in the shipping industry in place of iron oxide and the use of fluidised bed sand coming from Navigator, for example, as secondary raw material in the production of concrete and some light industrial mortars and also soil and land from excavations for building foundations.

The use of CDW (construction and demolition waste, such as crushed concrete, for example) has a high potential due to the great positive impact they can have, but the existing legislative framework is still not sufficient to prevent its current destination for landfill, in contradiction to the principles of the circular economy. Thus its current incorporation into the cement-concrete value chain is virtually nil.

Cement and concrete are two products that are recyclable after their life cycle. After a separation and crushing treatment they can re-enter the cement and concrete production chain and make a strong impact on the reduction of virgin raw materials.

CIRCULARITY IN PARTNERSHIP SECIL-BRITAS AND THE NAVIGATOR COMPANY SYNERGY

The partnership between Secil Britas and The Navigator Company came about with this purpose in mind, a project that aims at incorporating the sands extracted from the fluidbed of Navigator biomass boilers for mortar production by Secil Britas. In 2020, more than 10,000 tonnes of sand were used by Secil, compared to 6,900 the previous year.

The sands were provided in the framework of Declaration of By-Product No 10/2017, issued under the General Regulation on Waste Management, published in Decree-Law No 73/2011, of July 11, no longer being considered as waste.

This synergy between both industries presents significant advantages from an environmental point of view, resulting in the reduction of the use of natural resources.



■ IN THE ENVIRONMENT SEGMENT



ETSA ProHy Production of premium products through raw materials of animal origin

As mentioned above, ETSA's business is based on the principles of the circular economy. One of the processes being implemented is the production of hydrolysed protein from some raw materials of swine origin used in the current process of Sebol, one of the companies of ETSA.

The process consists of hydrolysis of the raw material, which results from a heat treatment, with the application of steam at high temperature and pressure, followed by several steps of separation and dehydration. Hydrolysed protein has a high protein content and is highly digestible and soluble in water. The process also results in high quality pig fat and tricalcium phosphate, the latter being an organic source of phosphorus for animal feed, replacing rock phosphate, a limited resource. The three products are premium raw materials for the manufacture of compound animal feed and have a much higher added value compared to traditional products in the animal by-products recycling industry. The project, co-financed by Community funds, is in the implementation phase.

■ IN THE PULP AND PAPER SEGMENT



THE
NAVIGATOR
C O M P A N Y

1,200 tonnes of lime sludge used as an alternative raw material

Navigator is betting on the recovery of a waste from the production of pulp in order to reintroduce it, as a source of raw material, in the production process of paper.

In the Figueira da Foz Industrial Complex of The Navigator Company, precipitated calcium carbonate (PCC) used in paper production is produced from limestone in a installation at the plant. But PCC is a refined and natural form of limestone that can also be obtained through various techniques of selective extraction of calcium from waste materials, such as the excess lime sludge.

In 2020 it was possible to use approximately 1,200 tonnes of carbonate sludge, directly replacing raw materials with waste, in a logic of circular economy fully integrated in the industrial complex. In 2021 the company intends to increase the incorporation of this product, increasing the sustainability of its product

RESORTING TO ALTERNATIVE FUELS

This is one of the Group's strengths, not only in terms of circularity, but also in the impact on the reduction of CO₂ emissions of fossil origin. Overall, the Group's companies are making a transition to the production of non-fossil and mostly renewable energy, through the use of by-products that would once be considered waste.

■ IN THE PULP AND PAPER AND ENVIRONMENT SEGMENTS



The focus on replacing fossil fuels with biomass, a renewable fuel

As already mentioned in this report in Chapter 8.2 Climate Change and Energy, the companies in these group industries are investing heavily in reducing fossil fuel consumption through the use of alternatives with lower impact in terms of emissions, in particular through biomass boilers. In addition to the gains already mentioned in terms of CO₂ emissions, this substitution allows the use of by-products of its production process or resulting from its activities (e.g. cleaning of forests), which would be considered waste, and which are thus valorised. Currently, the use of this type of fuel allows Navigator and ETSA to obtain 68% and 70% of renewable energy consumed, respectively.

■ IN THE CEMENT SEGMENT



The focus on replacing fossil fuels with biomass, a renewable fuel

A bet on the use of alternative fuels in place of traditional fossil fuels that are used as a source of thermal energy for heating clinker ovens. Reuse of heat and, at the same time, of mineral fragments replacing virgin raw materials without producing waste.

Alternative fuels such as RDF (Refuse-derived Fuel), tyres or plant biomass (such as olive pomace, used in Tunisia) have been used increasingly in cement plants in Secil, totalling around 383,000 GJ of energy produced from these fuels.

In Portugal, under the CCL-Clean Cement Line Project, the use of zero primary fossil fuels and the use of a new alternative fuel, Energreen, resulting from biomass biorefining are planned to optimise its use in cement ovens. Secil has another research project underway aimed at the conversion of CO₂ from the cement production process into a clean gaseous fuel for use in the same process – CLEAN4G.



CLEAN4G CONVERSION OF CO₂ EMISSIONS INTO CLEAN FUEL

The production of cement greatly contributes to climate change, and it is imperative to change the way it is done, rethinking the production process, thus betting on the development of new cements, with less environmental impact.

This is the purpose of the CLEAN4G project, a research aimed at reducing the balance of emissions of CO₂ by using it, with the help of hydrogen, in methane production, which can be reintroduced as fuel in the cement production cycle.

Secil (partner in the project), as a cement manufacturing unit, is a heavy emitter of CO₂, so the implementation of this type of units for the conversion of CO₂ into methane allows the use of the same fuel in the process.

The methane produced can be produced in the unit, contributing not only to an overall reduction in emissions, but also to the reduction of energy costs and promoting a circularity of the CO₂ emitted.

CLEAN4G introduces two new CO₂ conversion processes from the cement industry: methanation and the process of electro oxidation of bio oil from the biomass liquefaction. Both will produce methane and/or methanol that will be injected into cement ovens, leading to a global decrease in emissions.

This equipment and process will allow the production of energy from a biomass source (bio oil from forest biomass liquefaction) and the reuse of the carbon to be captured, the protection of the technology by Secil being foreseen.

HIGHLY RECYCLABLE PRODUCTS

The circularity potential remains at the end of our value chain due to the high recyclability of some of its products. In the cement industry, for example, concrete is a material of great durability and 100% recyclable, and can be incorporated again in the production of concrete, or in the construction of roads or even as secondary raw material in the production of clinker. According to CEMBUREAU⁴, despite the opportunity, the main challenge in the circularity of this material is not in the recycling process, but in the efficiency of the process of separation of construction and demolition waste, which currently only allows the recycling of about one third of the concrete available in this type of waste. Regarding the pulp and paper industry, one of the products produced by Navigator is paper, with various types of uses, such as for printing or bags, and this product is 100% recyclable. According to CEPI⁵, the rate of paper recycling by companies in the sector was 70.5% in 2020, falling 2.1% compared to 2019, due to the impact of the pandemic on the availability and quality of paper for recycling. However, despite the decrease, it remains a product with a high utilisation rate.

4. European Cement Association

5. Confederation of European Paper Industries

8.4 BIODIVERSITY AND ECOSYSTEM SERVICES

WHAT IS THE RELEVANCE OF THIS TOPIC?

The relationship of dependence we have with biodiversity is clear: all the resources such as water, food, raw materials and energy result from interactions with nature and the services they provide to us. For the Semapa Group, the importance of maintaining these interactions is clear, as is the impact it may have on our activities. Aware of this, Semapa created the Working Group on Biodiversity, putting this topic on its agenda in order to work globally with all the subsidiaries.

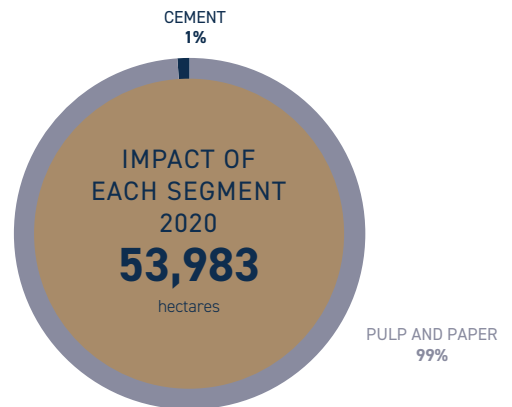
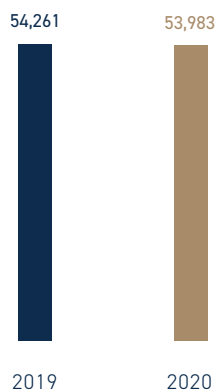
In recent years, the subsidiaries have increased efforts to minimise the impact of their activities on biodiversity conservation and ecosystem services, increasingly attributing relevance to what is called Natural Capital. The greatest responsibility on this topic is centred on Navigator and Secil companies, since their activities, principally in obtaining raw materials, directly impact areas with high value in terms of biodiversity. Both companies have a number of initiatives underway in the context of maintaining ecosystem services and for biodiversity conservation.



OUR PERFORMANCE

AREA MANAGED BY THE GROUP CLOSE TO PROTECTED AREAS, OR IN AREAS WITH A HIGH BIODIVERSITY INDEX OUTSIDE PROTECTED AREAS

AREA MANAGED BY THE GROUP



HECTARES



"The importance of nature and biological diversity as essential elements for the functional balance of the planet, support of human life and the guarantee of the provision of multiple products and services is fully internalised in the companies of the Semapa Group. Therefore, from early on companies adopted strategies to know the biodiversity present in the areas of influence of their economic activities and to protect it. Within its business models, each company acts to value natural capital through approaches ranging from monitoring natural values, adaptive management, the conservation of species and habitats, and the restoration of degraded areas.

The establishment of this working group has reinforced the theme within the Group. We want this to be a forum for sharing experiences and generating partnerships between companies, with a single objective: to create a common strategy to protect and value biodiversity, ecosystems and the services they render to us, in harmony with our activities."



PAULA GUIMARÃES
COORDINATOR OF THE WG
ON BIODIVERSITY
OF SEMAPA

MAINTAINING ECOSYSTEM SERVICES

Aware of the pressures that their activities can cause in the normal functioning of ecosystems, Semapa companies have been developing various strategies to minimise them. In the case of Secil, mining activities have a profound impact on landscape and biodiversity. As the spontaneous recovery of these areas and processes in ecosystems can take hundreds of years, the minimisation of these impacts and the acceleration of the restoration process become fundamental. Secil has therefore developed several strategies, especially through the implementation of Quarry Recovery Plans and Action Plans for the Promotion of Biodiversity. Similarly, Navigator, with its activities directly linked to the forest, imposes the sustainable management of this resource in order to ensure the integrity of forest ecosystems.

■ IN THE CEMENT SEGMENT

The fauna plays an important role in the restoration of quarries



The fauna plays an important role in the restoration of quarries acting, acting in various roles, including: seed disperser for various species, promoting the spontaneous regeneration of vegetation, pollinator or as pest controller.

In 2007, SECIL introduced the fauna component in the Outão Recovery Plan with the addition of a team of researchers from the University of Évora. This team is evaluating the occupation of wildlife in the recovered areas, to monitor the Action Plan for fauna, which seeks to create medium and long term conditions to promote the process of natural (re) colonisation of species through the implementation of actions in the areas recovered and surrounding the quarries. It also includes the carrying out of specific study cases, aimed at responding more directly to particular issues related to the restoration process and animal communities and the ecological processes where the fauna is involved.

In 2020, two study cases were concluded that focused on the theme of functional ecology, focusing on ecological processes and plant animal interaction.

AN ANALYSIS OF ECOSYSTEM SERVICES: POLLINATION – A CASE STUDY

The success of the recovery of an area is ensured by the establishment of ecological processes that guarantee the autonomy of regeneration and development of habitats. Pollination is one of these processes promoted, most often, by insects that enhance higher quality in fruit production and higher germination capacity of seeds, contributing to spontaneous restoration.

The aim of this study case was to compare the composition and function performed by the community of pollinating insects between quarries subject to active and passive recovery, in order to determine which of the strategies contributes to a greater convergence with the reference situation (natural).

The results indicate that the pollination service in the different areas is mainly provided by the European bee (*Apis mellifera*), bumblebees (*Bombus* spp.) and wild solitary bee species, which are responsible for transporting 86% of the pollen. Regarding the sampled areas, despite their presenting different pollinator communities, they maintained relatively similar interaction networks, with specific differences in the intensity of interaction between some species. It was found that the metrics of the recovered areas follow the same patterns as those of the natural areas, which suggests that the recovery of the pollination service in the recovered areas of the quarry is effective.

“SEED DISPERSION” - A CASE STUDY

Seed dispersal is another process often dependent on agents external to plants, which guarantee the colonisation and expansion of floristic species, in a context of ecological restoration. Among these agents with greater ecological significance are birds, which, when feeding on fruits, expel undamaged seeds whose germination benefits spontaneous restoration processes.

The objective of this study was to determine the role of birds as seed dispersers, defining both the species of birds that best enhance their dispersion, as well as which plant species are most favoured by this ecological service.

Species such as warblers (*Sylvia atricapilla* and *S. melanocephala*), robin (*Erithacus rubecula*) and blackbirds *Turdus merula* and *T. philomelos* are among the most important birds in this process. However, it was found that the abundance of these species in the recovered areas is below the levels verified in neighbouring natural and semi-natural habitats, probably because the vegetation structure in these areas does not yet offer the necessary conditions for their needs. For this reason, the provision of this service is depleted in the recovered areas, and there is a need to employ measures that promote the fixation of these species, such as the density of the shrubby cover.



■ IN THE PULP AND PAPER SEGMENT

All the forest managed by Navigator is certified by FSC® and PEFC™ and 74% of the wood supplied in 2020 was certified



Navigator is responsible for the management of more than 100,000 hectares of forest, which are the source of its main raw material, wood. As the forest is a resource of great relevance, the company has made its sustainable management a priority, applying existing best practices. Therefore, forest certification has emerged as a support in this management, as well as the recognition that Navigator's forests are managed responsibly, in terms of impacts on the environment, biodiversity and society.

Forest certification also ensures the protection and conservation of biodiversity and the maintenance of ecosystem services, with criteria encompassing:

- Maintaining the health and vitality of forest ecosystems
- Maintenance and proper use of forest resources and their contribution to global carbon cycles
- Maintenance and promotion of forest productive functions (woody and non-woody)
- Proper maintenance, conservation and promotion of biological diversity in forest ecosystems
- Maintenance and proper promotion of protective functions in forest management (mainly soil and water)

From this point of view of responsible management, forest producers play a key role and Navigator has been supporting its suppliers in the adoption of this practice. One of these examples is the Premium Programme.

Thus, forests that are sustainably managed and meet certification requirements ensure that the biodiversity of forest ecosystems is preserved or increased and the range of environmental services that the forest provides is maintained and protected.

PREMIUM PROGRAMME

An initiative started in 2018 that seeks to meet the individual needs of the owners, whether they be Navigator's timber suppliers or not, in order to support them in the management problems they face, as well as in the realisation of their forest project. The focus of the programme is to promote healthy forest areas with responsible management.

Technical support reached more than 50 owners, covering a total area of 2,000 ha, including support in areas ranging from forest project preparation to pest and disease control actions.

Navigator's partner forest producer associations played a fundamental role in the implementation of this programme.

PEFC PORTUGAL MEETING

Navigator's commitment to Sustainable Forest Management was also expressed by its participation in the Pan European Forest Certificate (PEFC) Portugal 2020 Meeting: Forest and Sustainability, where it participated in a round table discussion with the leaders of the main Portuguese industrial companies in the forestry sector (Navigator, Altri and Corticeira Amorim), as well as PEFC International. The debate on the role of the forest in the Sustainability Agenda and the challenges and opportunities facing the forestry sector led speakers to address issues such as the importance of forests and forest-based products in combating climate change; replacing fossil resources and promoting the circular economy; the advantages of a "symbiosis" between well-managed production forests and conservation forests; raising awareness of the need to support and mobilise the entire value chain in order to realise potential impacts on the contribution to sustainable development goals; and, of course, to stress the importance of forest certification as a lever for these processes.

Navigator was in the limelight, giving its testimony on the sustainable forest management model that the company puts into practice and the environmental and social benefits it generates, as well as its contribution to the promotion of management and certification of third-party areas, through support programmes and the transfer of good practices

MONITORING FLORA AND FAUNA

Monitoring species is essential for the maintenance of biodiversity. The forest heritage managed by Navigator is home to about 800 species and subspecies of flora and 241 species of fauna, which are subject to regular monitoring, especially those with higher conservation status of threat, (Vulnerable, Endangered and Critically Endangered), according to the IUCN red list.

About 11% of the forest area managed by Navigator consists of areas of interest to conservation and 4,162 hectares are classified as habitats protected by the Natura 2,000 Network.

Within the monitoring network, using photography and video, 16 species, four of which are birds, were recorded by the end of the year.

Up to October, the record for the highest number of detections belongs to deer (*Cervus elaphus*) in Zambujo, and fox (*Vulpes vulpes*) in Caniceira. This work will provide data for the drafting of a Master's thesis in Conservation Biology at the Faculty of Sciences of the University of Lisbon.

PARTNERSHIPS IN THE SCOPE OF CONSERVATION OF BIODIVERSITY

■ IN THE PULP AND PAPER SEGMENT

Joining the Act4Nature initiative, an initiative promoted by BCSD Portugal



ACT4NATURE PORTUGAL INITIATIVE

"As with the climate issue, the business sector wanted to take a leading role and make its contribution to the Biodiversity agenda. But objectives as strategic and essential as those of halting biodiversity loss, or maintaining or improving the balance of ecosystems, along with ensuring that the same nature is able to efficiently supply the raw materials we need, can only be achieved with a foresight and long-term vision, with innovation and partnerships between companies, State environment organisations and other key elements of society"

João Castello Branco

Chairman of the Board of BCSD Portugal,
Chairman of the Board of Directors of The Navigator Company and CEO of Semapa

Act4nature Portugal is an initiative promoted by BCSD Portugal under Act4nature International, launched in France in 2018, with the aim of mobilising companies to protect, promote and restore biodiversity.

Navigator was actively involved in launching this initiative in Portugal from day one, integrating the Steering Committee and the Advisory Board, an advisory body that brings together business associations, public administration, non-governmental environmental organisations and scientific partners.

By joining Act4Nature, the company subscribed to 10 common commitments and defined a set of individual commitments for the 2020-2030 horizon, aligned with the activity it carries out, having been one of the companies invited to give its testimony in a talk at the II Online Conference "Companies for Biodiversity".

■ IN THE CEMENT SEGMENT



Secil has always sought to contribute in the area of scientific research, in the field of biodiversity restoration in the scope of its activities and, in 2020, it achieved the goal of publishing five articles, with the involvement of the teams of the University of Évora and the School of Sciences of Lisbon; the completion of two master's theses, within the framework of projects with SECIL; a doctoral thesis, drawn up in the context of partnership with SECIL.

In 2020, two "Special sections" were published in the renowned magazine Restoration Ecology on the theme "Enhancing Biodiversity and Ecosystem Services in Quarry Restoration – Challenges, Strategies and Practice", as a follow-up to the conference 'Quarries alive 2018'.

In the set of the two "Special sections", Vol. 28(3) and Vol. 28(4), there is a compilation of twelve scientific research articles and a summary article explaining the different contributions and their framework for the ecological restoration of quarries.







COMMUNITY ENGAGEMENT

AT SEMAPA,
SOCIAL AND
ENVIRONMENTAL
AWARENESS
IS THE BASIS
FOR ITS ACTIONS
AS A GROUP

9. COMMUNITY ENGAGEMENT

Any entrepreneurial activity can impact the communities where its production and commercial activities take place, and all of the work done by the Semapa Group is no exception. Thus, encouraging the sustainable development of the surrounding communities is one of the fundamental principles of the Semapa Group – Sustainable growth depends not only on its relations with customers, suppliers, partners, but also on the positive impact on the local communities.

Thus, the various companies of the Group develop a number of initiatives aimed at the surrounding communities, seeking to improve their quality of life and preserve the surrounding environment.

Investment in Community development is our value-sharing strategy; it is how we take responsibility for caring for local communities and responding to their needs.

9.1 INVESTMENT IN COMMUNITY DEVELOPMENT

WHAT IS THE RELEVANCE OF THIS TOPIC?

Corporate social responsibility is one of the structuring elements, and it is essential to Semapa's performance, both in the carrying out of its direct activity, as well as in what is carried out through its main subsidiaries, Secil, Navigator and ETSA.



Heir to the long business tradition of philanthropy and the patronage of the Queiroz Pereira Family, its key shareholder, Semapa develops its own initiatives and supports social responsibility projects and is aligned with the UN Sustainable Development Goals. All these initiatives make a positive impact on the communities where manufacturing and forestry operations are carried out, with about 110,000 ha of forest located in various municipalities around the country. The Group marks its presence with different segments of the population, making a huge contribution to the territorial cohesion of our country.

It is in this sense that the Working Group on Social Responsibility was created, which seeks to align the Group on Social Responsibility.

WORKING GROUP FOR SOCIAL RESPONSIBILITY

"At Semapa, Social Responsibility is a structuring axis of our operations, directly through the holding company and indirectly through the subsidiaries. We have a deep connection to the communities that surround us, in many cases, connections of several decades.

The Nossa Senhora do Bom Sucesso Foundation was born under the aegis of the Queiroz Pereira Family and its intense social action continues to deserve the support of Semapa. In the context of the COVID-19 crisis, we have taken additional measures to support clinical research and support for communities. At Secil, Navigator and ETSA we are a trusted partner for numerous stakeholders – central or local public administration, third sector entities or NGOs – in the countries where we operate. We create programmes to value and defend forests and biodiversity, recognise best practices in civil engineering and architecture, and support institutions that are close to us such as firefighters or the Banco Alimentar Contra a Fome.

We are a Responsible Company, in the realm of Social Responsibility, too."



NUNO MAIA
COORDINATOR
OF THE WG FOR
SOCIAL RESPONSIBILITY
AT SEMAPA



9.2 RESPONSIBILITY IN A PANDEMIC SETTING

In 2020, particularly in the context of the pandemic crisis of COVID-19, in addition to taking care of the internal community, the Group carried out various social responsibility initiatives, both by Semapa itself and by the subsidiaries, which is what naturally happens when socially responsible companies are called to respond to critical and unexpected social needs such as those resulting from this situation.

■ IN THE HOLDING



Donations to research and the community

As one way of contributing to the fight against the pandemic, Semapa became a partner of the João Lobo Antunes Institute of Molecular Medicine (iMM), to support research efforts to combat the pandemic and identify immunities to this pathology. This initiative is detailed in Chapter 3.1 COVID 19: a response. Touched by the impact that the pandemic had on the community, Semapa joined the Banco Alimentar Contra a Fome, through a donation made at Christmas time, in support of a part of the community that has significant difficulties.

■ IN THE PULP AND PAPER SEGMENT



Donations and the "Paper Soldiers" Campaign

The pandemic context had a profound impact on the actions of corporate social responsibility of The Navigator Company, as attested to by the contribution, as early as March, to the purchase of digital radiology equipment for the Hospital of Figueira da Foz, which enabled infected patients to receive radiological examinations, thereby reducing the time of diagnosis.

Paper donations are one of the company's lines of action, but during this year so atypical, they took special paths, as attested to by the support to 3,600 students of the 1st cycle of basic education, who were in an online learning regime. The initiative, carried out with 34 Parish Councils of the locations where Navigator has industrial complexes, involved the offer of Navigator Student paper to children so they could carry out school activities at home.

Together with the distributor VASP and the advertising agency FCBLisboa, Navigator joined the campaign "Paper Soldiers", distributing 100,000 paper bags with messages of hope through 4,000 points of sale of newspapers and magazines, so that they could offer them to their customers, sharing the inspiration. The idea of these actions, which also included offering reams of paper to 1,500 kiosks, was to thank those who kept their doors open so that people could stay informed.

■ IN THE CEMENT SEGMENT



Donations of Protective Equipment

In the context of a pandemic, Secil supported the immediate needs of the Setúbal Hospital Centre by donating personal protective equipment.

9.3 INITIATIVES WITH THE COMMUNITY

■ IN THE HOLDING



Semapa's main direct social responsibility initiatives were its support of the Nossa Senhora do Bom Sucesso Foundation and the Salvador Association, presented below.

The Nossa Senhora do Bom Sucesso Foundation, founded in 1951 by Ms. Maud Mendonça Queiroz Pereira, which provides medical support to people in need, especially in maternity and child medicine, performs 16,000 consultations annually, benefitting 6,400 users who are not financially able to guarantee payment of services and who would not have access to them in any other way.

Fundação Salvador, founded in 2003 by Salvador Mendes de Almeida, operates in the area of motor disability, fostering inclusion and developing projects to meet those needs.

In 2020, he also supported the holding of a Congress organised by the Foundation "What really matters", which seeks to promote the development and dissemination of universal human, ethical and moral values to the general public, but focusing mainly on the younger age groups.

Through Secil, Navigator and ETSA, Semapa carries out a broad socially responsible activity, in particular in relation to the respective professional areas and proximity to the communities surrounding the manufacturing facilities.

■ IN THE PULP AND PAPER SEGMENT



For The Navigator Company, community engagement and value creation for society are the structuring elements of its Corporate Social Responsibility (CSC) policy. In addition to a policy of actions and direct support to entities, the company bets on various communication channels to strengthen proximity relationships with stakeholders. This strategy was even more relevant in a year in which the health emergency dictated physical distancing and limited actions on the ground.

Biodiversity conservation and environmental sustainability continued to inspire the policy of The Navigator Company, a forest-based company. The actions are knowledge-sharing in nature, such as support for investment in multifunctional forest projects and training programmes focused on improving forestry, while others are characterised by their eminently social impact, such as the transfer of grazing areas (mostly to local herders for whom this is their source of income) and local beekeepers.

Navigator has entered into a protocol with the National Federation of Beekeepers, under which it gives to this organisation, temporarily and free of charge, parcels that are part of the Navigator Group's assets so beekeepers can install apiaries and carry out their activity.

Navigator also maintained its support for the Bussaco Forest Foundation, for the valorisation of that national forest, and planted 50 new Algerian oaks (*Quercus canariensis*) on its Águas Alves property, in an action to recover the autochthonic vegetation inserted in the company's biodiversity conservation strategy.



2020 was also marked by the launch of the Forest Producers project, through which The Navigator Company wants to contribute to the creation of a community where knowledge and technical improvement on forestry is shared, to stimulate communication between all those who have a professional or income relationship with the forest.

In a year marked by the restrictions resulting from the pandemic, community visits to factories were, of course, restricted, with Navigator taking in 603 people on 29 visits, which have been suspended in the meantime. This has led to finding new ways of establishing proximity to stakeholders, such as digital channels, for example.

SOCIAL RESPONSIBILITY IN DIGITAL FORMAT

In 2020, My Planet, a channel with digital and a printed magazine format, reinforced established partnerships and continued to support tree planting or beach cleaning actions with the Sea Brigade. After the suspension of activities on the ground resulting from confinement, it redirected its actions to the development of proximity. Thus, the action #NaoEstouSozinhoEmCasa (I'm not at home alone) was created, for which 55 videos and other content were produced to promote healthy lifestyle habits and environmental responsibility, so important in a period of uncertainty and insecurity. A partnership was also established with ReFood in Almada, with the offer of paper bags to replace plastic bags. Similarly, the Project Give a Hand to the Forest, targeting the children's public, bet on maintaining contact with its community, creating activities in video format, among other initiatives designed to raise awareness of this community on sustainability issues.

On another front, Navigator created the www.navigator-keepintouch.com site to help maintain and strengthen connections between family and friends, giving people the ability to write personalised messages, which Navigator then printed and delivered on paper, free of charge, to recipients.

PORTUCEL MOÇAMBIQUE

Internationally speaking, in 2020 Portucel Moçambique continued to carry out the activities of its Social Development Programme in the three aspects – food safety, income generation and support for well being – with several initiatives that already impact about 7,000 families, in the areas of implementation of the forest project in the provinces of Manica and Zambezia, an investment totalling over 6 million euros since 2015.

In 2020, Portucel Moçambique reinforced other areas with significant social impact, in order to respond to the contingencies arising from the COVID-19 pandemic and cyclones Idai and Kenneth, which, in the areas where the project is being implemented, included the provision of resources to support provincial governments in their awareness and prevention activities under COVID-19, as well as infrastructure rehabilitation (construction and repair of rural bridges).

SOCIAL DEVELOPMENT PROGRAMME

7,000 families aided

Distribution of

- **680 thousand kg of improved seeds**
- **780 thousand stalks of manioc**
- **88.5 thousand kg of sweet potato stems**

Programme to promote beekeeping, for income and the defence of the forest, delivering a total of **500 hives** in 2020

Support for nutritional diversity with fish farming tanks and breeding stock

Work done on **+50 points** for access to **drinking water**

Distribution of **412** more efficient **artisanal stoves**

■ NO SEGMENTO DO CIMENTO



Secil carries out, in Portugal and other countries in which it operates, a set of social responsibility actions of a professional, cultural, sports and social inclusion nature, whether with agents of the national, regional or local Public Administration or with private entities, such as Professional Associations, Non-Profit Associations or Environmental NGOs.

Specifically in 2020, Secil maintained the Collaboration and Financing Protocols with the Parish Council of Maceira (Leiria) and with about 80 associations of Setúbal; it established a partnership with the Refood Movement to celebrate, in the context of COVID-19, in a spirit of solidarity and volunteering, its 90th anniversary; maintained support for the Arrábida car-free initiative and made a major cement donation in Lebanon for national reconstruction following the serious explosion in Beirut in August 2020.

In the Christmas period, and in line with the Secil Volunteer Policy, a campaign for collecting and distributing food was prepared in conjunction with Refood.

SECIL'S 90 YEARS, COMMEMORATED IN SOLIDARITY

In 2020 Secil turned 90. A special date, constructed by all the people who are part of its operations and the Group business.

Given the importance of the date, Secil decided to commemorate it differently, engaging in solidarity with the community. For this, it issued a call to action to its employees for the creation of the Secil Volunteer Policy. The co-creation of this policy was based on the formation of a Volunteer Group with the mission of using their own experiences to build and propose a document with guidelines for corporate volunteering at Secil. The result was the Volunteer Policy published in October 2020, which will be an instrument in promoting the practice of corporate volunteering.

This policy gives employees the opportunity to dedicate up to 2 hours of their weekly hours to pre established volunteer initiatives, and includes aid for travel and food and an identification kit.



Learn more about Secil's Volunteering Policy at <https://www.linkedin.com/company/secil/videos/native/urn:li:ugcPost:6722868303091527680/>

SECIL VOLUNTEERING POLICY:

"Besides stimulating and promoting isolated specific actions, its goal is to support and aid employees who want to act as volunteers more frequently, contributing to the inclusion of the practice in their daily life"

REFOOD PARTNERSHIP

One of the actions to commemorate Secil's 90th anniversary was the creation of a partnership with the Refood Movement, which served as the inspiration for the creation of the Secil Volunteer Policy. In addition to donations, Secil aspired to go further, so that its employees could contribute as volunteers, in this movement or in others of social solidarity.

So it was that, under the new Volunteer Policy, Secil organised the first initiative with Refood in December 2020, where Secil Volunteers collected food in nine company facilities and at the addresses of colleagues doing telework. Then they distributed them in five Refood centres, which prepared Christmas baskets to deliver to those who most need it.



■ IN THE ENVIRONMENT SEGMENT



In its mission of social responsibility, ETSA works with private institutions of social solidarity, cultural and sports associations and public administration agents belonging to the communities surrounding its various business units.

Throughout 2020, it gave financial support to the Casa do Gaiato de Lisboa, Sports and Cultural Associations located in Coruche, and the Parish Council of Pedroso and Seixezelo to reinforce support in social action initiatives in the community.

ETSA also gave financial support to environmental non-profit associations.





GRI INDEX

CONTENTS

ORGANIZATIONAL PROFILE

GRI Standards	Response/Location	Location
GRI 102: Contents 2018	102-1 Name of the organisation Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	
	102-2 Primary brands, products, and services	
	102-3 Location of headquarters Av. Fontes Pereira de Melo, 14-10º 1050-121 Lisbon - Portugal	
	102-4 Location of operations 2.SEMAPA'S IDENTITY	Pages 16-24
	102-5 Nature of ownership and legal form Semapa is a public limited company, with head-office at Av. Fontes Pereira de Melo, in Lisbon, registered at the Commercial Registry Office of Lisbon with No. 502 593 130. Semapa is listed on the Lisbon Stock Exchange (Euronext Lisboa) and is part of the benchmark index, the PSI 20.	
	102-6 Markets served 2.SEMAPA'S IDENTITY	Pages 16-24
	102-7 Scale of the organisation THE 2020 NUMBERS	Pages 14-15

102-8 Information on Employees and other workers

TOTAL NUMBER OF EMPLOYEES BY TYPE OF EMPLOYMENT CONTRACT, BY GENDER

		2019	2020
Permanent & Fixed Term Contract	Men	4,894	4,928
	Women	831	824
	Subtotal	5,725	5,752
Temporary and trainees	Men	98	77
	Women	18	22
	Subtotal	116	99
Total		5,841	5,851

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE, BY GENDER

		2019	2020
Full-time	Men	4,989	4,967
	Women	841	838
	Subtotal	5,830	5,805
Part-time	Men	3	38
	Women	8	8
	Subtotal	11	46
Total		5,841	5,851

Note:
Navigator: Portucel Mozambique employees not included

102-9 Supply chain

Semapa has no direct manufacturing operations, and its suppliers are essentially specialised service providers, whose impacts are insignificant in comparison with the supply chain of its subsidiaries. This is a material topic for the Semapa Holding Company, as it is an important matter for its subsidiaries. Some initiatives are detailed in chapter 6.1.2 Responsibility in the Value Chain, and further information can be found on the subsidiaries' respective websites and/or sustainability reports.

102-10 Significant changes in the organisation or its supply chain

Nothing to report

102-11 Precautionary Principle or approach

ANNUAL REPORT 2020 | 03. CORPORATE GOVERNANCE REPORT | PART I INFORMATION ON CAPITAL STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE | C. INTERNAL ORGANIZATION | III. INTERNAL CONTROL AND RISK MANAGEMENT Pages 103-105

102-12 External initiatives

Semapa Group is governed by a set of criteria for sustainable action which are described in its Letter of Commitment. All Group companies have subscribed to this Charter and are committed to complying with it. In addition, each of them also follows other public commitments such as the United Nations Global Compact (Semapa), the Charter of Principles of the BCSD - Business Council for Sustainable Development Portugal - (Navigator and Secil), the Charter of Commitments of the Global Cement and Concrete Association (Secil) as well as the subscription to the BCSD's Act4nature commitments (Navigator). In 2020, the companies signed the Manifesto "Taking advantage of the crisis to launch a new paradigm of sustainable development"*, promoted by BCSD Portugal, through Navigator and Secil.

*PT: "Aproveitar a crise para lançar um novo paradigma de desenvolvimento sustentável"

102-13 Membership of associations

Semapa participates actively in the following associations:

- AEM – Assoc. Emp. Emitentes de Valores Cotados em Mercado
- CCE - Conseil de Coopération Économique
- FpC - Fórum para a Competitividade

STRATEGY**102-14 Statement from senior decision maker**

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS Pages 09-10
A DIALOGUE WITH THE CEO

102-15 Key impacts, risks, and opportunities

5. RISK MANAGEMENT, A GLOBAL APPROACH Pages 58-64

ETHICS AND INTEGRITY**102-16 Values, principles, standards, and norms of behaviour**

2. SEMAPA'S IDENTITY Pages 16-24

102-17 Mechanisms for advice and concerns about ethics

ANNUAL REPORT 2020 | 03. CORPORATE GOVERNANCE REPORT | PART I INFORMATION ON CAPITAL STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE | C. INTERNAL ORGANIZATION | II. NOTIFICATION OF IRREGULARITIES (WHISTLEBLOWING) Page 102

GOVERNANCE**102-18 Governance structure**

4.1. GOVERNANCE Pages 43-49

102-21 Consulting stakeholders on economic, environmental, and social topics

4.2. THE RELATIONSHIP WITH INTERESTED PARTIES Pages 50-52
4.3. MATERIALITY

102-22 Composition of the highest governance body and its committees

ANNUAL REPORT 2020 | 03. CORPORATE GOVERNANCE REPORT | PART I INFORMATION ON CAPITAL STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE | B. CORPORATE BOARDS AND COMMITTEES | II. MANAGEMENT AND SUPERVISION Pages 75-94

102-24 Nominating and selecting the highest governance body

ANNUAL REPORT 2020 | 03. CORPORATE GOVERNANCE REPORT | PART I INFORMATION ON CAPITAL STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE | B. CORPORATE BOARDS AND COMMITTEES | II. MANAGEMENT AND SUPERVISION Pages 75-94

102-25 Conflicts of interest

ANNUAL REPORT 2020 | 03. CORPORATE GOVERNANCE REPORT | PART I INFORMATION ON CAPITAL STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE | B. CORPORATE BOARDS AND COMMITTEES | II. MANAGEMENT AND SUPERVISION Pages 75-94

**102-26 Role of highest governance body in setting purpose, values, and strategy**

ANNUAL REPORT 2020 | 03. CORPORATE GOVERNANCE REPORT | PART I INFORMATION ON CAPITAL STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE | B. CORPORATE BOARDS AND COMMITTEES | II. MANAGEMENT AND SUPERVISION

Pages 75-94

102-29 Identifying and managing economic, environmental, and social impacts

ANNUAL REPORT 2020 | 03. CORPORATE GOVERNANCE REPORT | PART I INFORMATION ON CAPITAL STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE | B. CORPORATE BOARDS AND COMMITTEES | II. MANAGEMENT AND SUPERVISION

Pages 75-94

102-30 Effectiveness of risk management processes

ANNUAL REPORT 2020 | 03. CORPORATE GOVERNANCE REPORT | PART I INFORMATION ON CAPITAL STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE | C. INTERNAL ORGANIZATION | III. INTERNAL CONTROL AND RISK MANAGEMENT

Pages 103-105

102-31 Review of economic, environmental, and social topics

4.3 MATERIALITY

Pages 51-52

102-32 Highest governance body's role in sustainability reporting

4.1 GOVERNANCE

Pages 43-49

102-33 Communicating critical concerns

ANNUAL REPORT 2020 | 03. CORPORATE GOVERNANCE REPORT | PART I INFORMATION ON CAPITAL STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE | C. INTERNAL ORGANIZATION | II. NOTIFICATION OF IRREGULARITIES (WHISTLEBLOWING)

Page 102

STAKEHOLDER ENGAGEMENT**102-40 List of stakeholder groups**

4.2 THE RELATIONSHIP WITH INTERESTED PARTIES

102-41 Collective bargaining agreements

	2019	2020
Percentage of employees covered by collective bargaining agreements	47%	49%

102-42 Identifying and selecting stakeholders

4.2 THE RELATIONSHIP WITH INTERESTED PARTIES

In 2017 an in-depth reflection and analysis was made, validated by the Executive Board, in which Semapa identified and selected its groups of stakeholders. These counterparts have an all-encompassing outsider's view of the Group and similar companies.

102-43 Approach to stakeholder engagement

4.2 THE RELATIONSHIP WITH INTERESTED PARTIES

Page 50

102-44 Key topics and concerns raised

4.2 THE RELATIONSHIP WITH INTERESTED PARTIES

Pages 50-52

4.3 MATERIALITY

REPORTING PRACTICE**102-45 Entities included in the consolidated financial statements**

This Report includes the activities of Semapa and its subsidiaries, namely:

ETSA - Investimentos, SGPS, S.A.

The Navigator Company, S.A.

Secil - Companhia Geral de Cal e Cimento, S.A.

102-46 Defining report content and topic boundaries

ABOUT THE REPORT

Pages 06-08

4.3 MATERIALITY

Pages 51-52

102-47 List of material topics

4.3 MATERIALITY

Pages 51-52

102-48 Restatements of information

All changes are mentioned in the notes corresponding to each disclosure.

102-49 Changes in reporting

A revision to the Group's materiality has been undertaken with effect on this report.

Transition to respond to the new GRI Standard 303 (2018).

Secil adopted a new system for collecting non-financial information, which impacted the methodology for collecting and categorising some disclosures. In addition to including all the Cement units, it also includes the Construction Materials units in Portugal and Cape Verde. In human resources, this change is reflected in the way in which the Semapa Group's consolidated information is presented, namely in the breakdown of information by gender, professional category and age group. In relation to the environmental disclosures, there has been an adjustment to the categorization of raw materials and renewable and non-renewable energy. More detail is provided on the disclosures.

The Navigator Company and ETSA have changed their emission measurement and calculation methodologies, with effects on the information reported in GRI 305 disclosure.

The Group's comparative data for 2019 and 2020 are presented, as they assure the reliability of a third party verification.

102-50 Reporting period

1 January 2020 a 31 December 2020

102-51 Date of most recent report

Sustainability Report for 2019, March 2020

102-52 Reporting cycle

Annual

102-53 Contact point for questions regarding the report

ABOUT THE REPORT

Pages 06-08

102-54 Claims of reporting in accordance with the GRI Standards

ABOUT THE REPORT

Pages 06-08

102-55 GRI content index

This table

102-56 External assurance

ABOUT THE REPORT

LIMITED ASSURANCE INDEPENDENT REPORT

Pages 06-08

SPECIFIC CONTENTS

DESEMPENHO ECONÓMICO

GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Related to the material topic Sustainable Value Creation 6.1 Sustainable Value Creation	Pages 69-79
	103-2 The management approach and its components	6.1 Sustainable Value Creation	Pages 69-79
	103-3 Evaluation of the management approach	Semapa regularly monitors and assesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available.	
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	6.1 Sustainable Value Creation	Pages 69-79

201-4 Financial assistance received from government

	2019	2020
Tax Incentives/Credits	3,129,675.0	3,036,164.0
Subsidies	220,473.0	185,003.0
Support for research, development and others	2,434,430.0	2,354,894.0
Total	5,784,579.0	5,576,061.0

Note: It should also be noted that 2020 is the first year in which Semapa is reporting this disclosure, and so the Group's response includes only the subsidiary Navigator (responsible for 74% of the Semapa Group's turnover), due to unavailability of the remaining companies, which will be included in the next reporting cycle.



INDIRECT ECONOMIC IMPACTS

GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Pages 69-79
	Related to the material topic Sustainable Value Creation 6.1 Sustainable Value Creation	
	103-2 The management approach and its components	
	6.1 Sustainable Value Creation	Pages 69-79
	103-3 Evaluation of the management approach	
	Semapa regularly monitors and assesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available.	
GRI 202: Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	
		2020
	ETSA	-
	Navigator	1.12
	Secil	-
	Semapa	-
	<p>Note: The response to this disclosure has begun in 2020, based on the national minimum wage for the year, which corresponds to 635 euros. The Group companies highlight the transparency of their remuneration policy, which promotes equal salaries for men and women, so that there is no difference in remuneration between genders.</p> <p>It should also be noted that 2020 is the first year in which Semapa is reporting this disclosure, and so the Group's response includes only the subsidiary Navigator (responsible for 74% of the Semapa Group's turnover), due to unavailability of the remaining companies, which will be included in the next reporting cycle.</p>	

INDIRECT ECONOMIC IMPACTS

GRI 103 - Management Approach: 2016	103-1 Explanation of the material topic and its Boundary	Pages 69-79
	Related to the material topic Sustainable Value Creation 6.1 Sustainable Value Creation	
	103-2 The management approach and its components	
	6.1 Sustainable Value Creation	Pages 69-79
	103-3 Evaluation of the management approach	
	Semapa regularly monitors and assesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available.	
	203-1 Infrastructure investments and services supported	
	Indirect economic impacts resulting from investments in infrastructure and services were not systematically assessed. The corresponding figures for investment in the community are presented in disclosure 201-1.	

ANTI-CORRUPTION

GRI 103 - Management Approach: 2016	103-1 Explanation of the material topic and its Boundary	Pages 58-64 Pages 80-82
	Related to the materials topics Risk management and Business ethics 5.RISK MANAGEMENT, A GLOBAL APPROACH 6.2 BUSINESS ETHICS	
	103-2 The management approach and its components	
	5.RISK MANAGEMENT, A GLOBAL APPROACH 6.2 BUSINESS ETHICS	Pages 58-64 Pages 80-82
	Semapa has subscribed a set of commitments and principles to align itself with the major international sustainability issues, which include combating corruption.	

103-3 Evaluation of the management approach

5.RISK MANAGEMENT, A GLOBAL APPROACH

Pages 58-64

6.2 BUSINESS ETHICS

Pages 80-82

Semapa regularly monitors and assesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available. In addition to the commitments subscribed by the Group, as mentioned above, the Global Compact and the BCSO Portugal's Charter of Principles, and the safeguards that derive from them, Semapa assumed the commitment to define, a policy for the prevention of corruption for each of the business units of the Group, adapted to the realities of each company.

Semapa has today explicitly set out in its Deontological Principles its total intolerance of any form of "direct or indirect participation in any form of corruption, fraud, money laundering, bribery or extortion".

GRI 205

– Anti-
corruption:
2016

205-1 Operations assessed for risks related to corruption

Semapa has approved amendments to its Deontological Principles, dated 30 December 2002. The Deontological Principles were amended in late 2018, to expressly enshrine the commitment to respecting and promoting human rights, as well as tackling money laundering and corruption. A risk management and control system has been in place since 2019, with a set of risk management measures throughout the Group.

205-2 Communication and training about anti-corruption policies and procedures

ANNUAL REPORT 2020 | 03. CORPORATE GOVERNANCE REPORT | PART I INFORMATION ON CAPITAL STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE | C. INTERNAL ORGANIZATION | II. NOTIFICATION OF IRREGULARITIES (WHISTLEBLOWING)

Page 102

205-3 Confirmed incidents of corruption and actions taken

No incident of corruption was reported in the financial year in question.

ENVIRONMENTAL PERFORMANCE**MATERIALS**

GRI 103 -
Management
Approach:
2016

103-1 Explanation of the material topic and its Boundary

Related to the material topic Circular Economy

8.3 CIRCULAR ECONOMY

Pages 123-128

103-2 The management approach and its components

8.3 CIRCULAR ECONOMY

Pages 123-128

103-3 Evaluation of the management approach

Semapa regularly monitors and assesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available.

GRI 301:
Materials

301-1 Materials used by weight or volume

8.3 CIRCULAR ECONOMY

Pages 123-128

Units (tonnes)	2019	2020
ETSA	122,950	122,800
Navigator	5,101,062	4,706,846
Secil	12,054,197	16,840,723
Total	17,278,209	21,670,369

Note: Total consumption of materials by ETSA and Navigator, referring to 2019, subject to correction. It should also be noted that Secil rectified the allocation of some alternative raw materials, transferred from the renewable category to the non-renewable category, with effect on the 2020 data.

In 2020, there was an increase in the quantity of raw materials at Secil, when compared to the previous year. This increase is mainly due to the inclusion of the volume of raw materials associated with aggregates (Secil Britas), which was not included until 2020.



ENERGY

GRI 103 - Management Approach: 2016	103-1 Explanation of the material topic and its Boundary	Pages 116-122
	Related to the material topic Climate Change and Energy 8.2 Climate Change and Energy	

	103-2 The management approach and its components	Pages 116-122
	8.2 Climate Change and Energy	

103-3 Evaluation of the management approach

Semapa regularly monitors and assesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available.

GRI 302: Energia	302-1 Energy consumption within the organization
	TOTAL ENERGY CONSUMPTION PER RENEWABLE SOURCE:

Units (GJ)	2019	2020
ETSA	257,348	277,609
Navigator	25,805,941	29,101,758
Secil	3,983,906	203,703
Grupo	30,047,195	29,583,070

Note: In the 2020 data, the categorisation of energy sources was rectified in Secil's reporting process, with the transfer of energy sources from alternative combustibles to the "non-renewable energy" category, thereby justifying this reduction. On the other hand, the companies ETSA and Navigator are investing in the use of renewable energy, mainly produced from biomass, which is reflected in the increase shown in the table.

ENERGY CONSUMPTION PER NON-RENEWABLE SOURCE:

Units (GJ)	2019	2020
ETSA	121,618	119,909
Navigator	12,922,614	12,264,687
Secil	12,901,195	15,581,477
Group	25,945,427	27,966,074

Note: Rectification of ETSA values in 2019. In the 2020 data, the categorisation of energy sources in Secil's reporting process was rectified, with the transfer of energy sources from alternative combustibles to the "non-renewable energy" category, thus justifying the increase.

ENERGY ACQUIRED FOR CONSUMPTION:

Units (GJ)	2019	2020
ETSA	29,365	29,545
Navigator	4,728,956	4,893,745
Secil	2,194,273	2,087,856
Group	6,952,595	7,011,146

ENERGY SALES:

In the Semapa Group, the subsidiary The Navigator Company produces electricity in its process and sells energy to the grid, namely:

Units (GJ)	2019	2020
Navigator	5,233,438	5,959,408

TOTAL ENERGY CONSUMPTION WITHIN THE ORGANIZATION:

Units (GJ)	2019	2020
ETSA	408,331	427,063
Navigator	38,224,074	40,300,782
Secil	19,079,374	17,873,037
Group	57,711,779	58,600,882

Note: Rectification of ETSA values in 2019

The energy sold by Navigator was removed from total consumption value.

WATER

GRI 103 - Management Approach: 2016	103-1 Explanation of the material topic and its Boundary	Pages 112-115
	Related to the material topic "Water Management"	
	8.1 WATER MANAGEMENT	
	103-2 The management approach and its components	Pages 112-115
	8.1 WATER MANAGEMENT	
	103-3 Evaluation of the management approach	
	Semapa regularly monitors and awssesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available.	

GRI 303: Water	303-1 Interaction with water as a shared resource	Pages 112-115
	8.1 WATER MANAGEMENT	
	303-2 Management of water discharge-related impacts	
	Every Semapa group company complies with all legislation that respects this topic and all discharged water is subjected to a primary/secondary treatment before being sent to the environment.	
	More details in 7.1 WATER MANAGEMENT How do we return this resource to the environment?	Pages 112-115

303-3 Water withdrawal

	Segment	2019	2020
Surface water (1,000 m3)	ETSA	0	0
	Navigator	42,716	39,299
	Secil	158	205
	Sub-total	42,874	39,504
Groundwater (1,000 m3)	ETSA	63	68
	Navigator	25,760	25,198
	Secil	1,395	1,390
	Sub-total	27,218	26,656
Third-party water (1,000 m3)	ETSA	3	2
	Navigator	65	66
	Secil	73	86
	Sub-total	141	154
Total withdrawal (1,000 m3)		70,232	66,315

Note: In 2019, the data reported in Semapa's 2019 Sustainability Report is presented, in Standard 303-1 Water consumption. This disclosure corresponded to GRI Standard 303: Water (2016), in which the volume of water withdrawn was considered as the volume of water consumed. With the transition to the new GRI Standard 303: Water and Effluents (2018), which includes its own disclosures for reporting the volumes of water withdrawn, water discharged/effluent and water consumed, the values reported were rearranged in 2019 in 303-1 disclosure. These are now reported under disclosure 303-3 Water Withdrawn. Water consumption is currently reported in disclosure 303-5 and it corresponds to the differential between the volume of water withdrawn (303-3) and volume of water discharged (303-4), and it is detailed in this table.

303-4 Water discharge

	Segment	2019	2020
Discharged water (1,000 m3)	ETSA	90	92
	Navigator	55,045	54,487
	Secil	360	372
Total discharged water (1,000 m3)		55,495	54,951

Note: With the transition to GRI Standard 303: Water and Effluents (2018), Semapa decided that it should start reporting all the disclosures accordingly. In 2020, the collection of information on effluents produced by Secil, a Semapa subsidiary which, until then, had not reported this information, was started. The comparative figure for 2019 is therefore based on an estimate which considers a total volume of effluent corresponding to 22% of total water withdrawal (figure for 2020).



303-5 Water consumption

Units (m3)	2019	2020
Group	14,737,539	11,364,151

Note: In 2019, water consumption was reported according to the former GRI standard 303: Water (2016), in which it was presumed that the volume of water consumed corresponded to the recorded volume of water withdrawn, or which entered the operations.

The volume of water consumed reported in Semapa's 2019 Sustainability Report, which represented approximately 70,232,000 m3, corresponded to disclosure 303-1, and was verified and validated based on the previous methodology. In this Report, this value is shown in disclosure 303-3 under the volume of water withdrawn disclosure. The volume of water consumed was replaced by the volume shown in the table above, calculated according to the new methodology of 303-5.

Based on this methodology, the volume of water consumed corresponds to the differential between the volume of withdrawn water and the volume of discharged water. Note that, in this value, there is still an unaccounted part, which corresponds to the discharged water in the form of steam, which is not measurable, but is in fact returned to the environment.

BIODIVERSITY

GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	
	Related to the material topic "Biodiversity conservation and Ecosystem Services"	
	8.4 BIODIVERSITY AND ECOSYSTEM SERVICES	Pages 129-135
	103-2 The management approach and its components	
	8.4 BIODIVERSITY AND ECOSYSTEM SERVICES	Pages 129-135
	103-3 Evaluation of the management approach	
	Semapa regularly monitors and assesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available.	

GRI 304: Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		
	Unidades (ha)	2019	2020
	ETSA	0.0	0.0
	Navigator	53,770.0	53,492.0
Secil	490.5	490.5	
	Total	54,260.5	53,983.5

Note: This disclosure is not applied to ETSA.

304-3 Habitats protected or restored

Navigator was responsible in 2020 for recovering or restoring 4,200.8 ha of habitats. At the same time, Secil Portugal is responsible for restoring 55 hectares of habitat in Portugal, with the support of universities, using a range of ecological restoration methodologies. There are projects underway at Secil Outão in 2020 within the scope of flora and fauna.

Some of the initiatives undertaken in this area are described in Chapter 8.4 - Section "Maintaining ecosystem services".

EMISSIONS

GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	
	Related to the material topic "Climate Change and Energy"	
	8.2 CLIMATE CHANGE AND ENERGY	Pages 116-122
	103-2 The management approach and its components	
	8.2 CLIMATE CHANGE AND ENERGY	Pages 116-122
	103-3 Evaluation of the management approach	
	Semapa regularly monitors and assesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available.	

GRI 305:
Emissions**305-1 Direct (Scope 1) GHG emissions**

Units (tCO ₂)	2019	2020
ETSA	49,347	48,805
Navigator	752,023	738,609
Secil	3,064,087	3,608,589
Group	3,865,457	4,396,003

Notes:

ETSA data from 2019 were updated.

The values presented in this report are pre-EU ETS verification.

Navigator is implementing a new emission counting methodology based on GHG protocol. This new methodology counts not only the emission that are in the EU ETS Scope (like reported in 2019 and previous years) but other emission sources too. This change is reflected in 2020 data.

305-2 Energy indirect (Scope 2) GHG emissions

Units (tCO ₂)	2019	2020
ETSA	3,446	2,230
Navigator	0	337,184
Secil	252,921	184,175
Group	256,367	523,589

Notes:

Values of 2019 and 2020 referring to ETSA's CO₂ emissions were rectified. Since 2015, ETSA has used a fixed conversion factor of 0.470 kg CO₂/kWh, in accordance with Portuguese Dispatch no. 17313/2008, and updated it to the variable factor present in the supplier's invoices.

In 2020, in accordance with the GHG Protocol guidelines, Navigator calculated scope 2 emissions and determined the emissions avoided by the injection of electricity into the national grid from biomass power stations and cogeneration plants. This change in methodology justifies the increase experienced by the Group.

The amounts presented are pre-EU ETS verification.

SOCIAL PERFORMANCE**EMPLOYMENT**GRI 103:
Management
Approach**103-1 Explanation of the material topic and its Boundary**

Related to the material topic "Human Capital and Talent"

7.1 HUMAN CAPITAL AND TALENT

Pages 92-98

103-2 The management approach and its components

7.1 HUMAN CAPITAL AND TALENT

Pages 92-98

103-3 Evaluation of the management approach

Semapa regularly monitors and assesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available.



GRI 401:
Employment

401-1 New employee hires and employee turnover
2019:

	Gender	Employees joining			Employees leaving		
		<30	30-50	>50	<30	30-50	>50
Turnover rate, by age		35%	9%	1%	14%	5%	10%
Turnover rate, by gender	Men	10%			7%		
	Women	6%			9%		
Total turnover rate		9%			8%		

2020:

	Gender	Employees joining			Employees leaving		
		<30	30-50	>50	<30	30-50	>50
Turnover rate, by age		20%	6%	2%	12%	6%	11%
Turnover rate, by gender	Men	6%			7%		
	Women	9%			15%		
Total turnover rate		6%			8%		

OCCUPATIONAL HEALTH AND SAFETY

GRI 103:
Management
Approach

103-1 Explanation of the material topic and its Boundary
Related to the material topic "Occupational Health, Safety and Well-being"
7.3 OCCUPATIONAL HEALTH, SAFETY AND WELL-BEING

Pages 101-107

103-2 The management approach and its components
7.1 HUMAN CAPITAL AND TALENT

Pages 92-98

103-3 Evaluation of the management approach

Semapa regularly monitors and assesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available.

GRI 403:
Occupational
Health and
Safety

403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

This reporting cycle presents the Group's results in relation to the main KPI used by subsidiaries to monitor their safety performance. It should be added that in the 2021 reporting cycle, Semapa will make the transition to the 2018 version of the GRI 403 standard.

NUMBER OF SERIOUS ACCIDENTS:

	2019	2020
Semapa	0	0
Secil	65	63
NVG	42	78
ETSA	25	29
GROUP	132	170

Note: Navigator has extended the scope of safety disclosure to include external workers. The results presented in this table should not, therefore, be compared directly, as the methodology has changed. The comparable figure for 2020 will be 50 serious occupational accidents, presented in chapter 7.3 Health, Safety and Well-being at Work.

It is also emphasized that the figures for the number of serious accidents, i.e., with sick leave, for 2019 were not published in the GRI table of the Semapa's 2019 Sustainability Report, however, these values are variables for calculating the frequency rate indicator, which is verified in the independent verification process.

FREQUENCY RATE:

	2019	2020
Semapa		
Secil	6.0	6.4
NVG	7.8	8.2
ETSA	51.8	56.4
GROUP	7.9	8.6

Note: The comparable value referring to 2020 is FR=9.5, which is presented in chapter 7.3, Occupational Health, Safety and Well-being.

SEVERITY RATE

	2019	2020
Semapa		
Secil	145.4	213.3
NVG	458.9	244.0
ETSA	1,503.5	1,512.3
GROUP	285.3	261.7

Note: The comparable value referring to 2020 is SR= 441.7, which is presented in chapter 7.3, Occupational Health, Safety and Well-being.

Methodological note:

Used methodology - Single Report Formulas

Frequency rate = (No. accidents resulting in absence / No. hours worked) x 1,000,000

Severity rate = (No. work days lost/ No. hours worked) x 1,000,000

403-3 Workers with high incidence or high risk of diseases related to their occupation

The daily industrial activities from Semapa's companies have a high risk associated that can lead to occupational injuries. Risk Evaluation and monitoring programs are developed with the implementation of preventive and corrective actions in the industrial units.

403-4 Health and safety topics covered in formal agreements with trade unions

Employees' responsibilities and duties are formalised in company agreements and in internal regulations. The companies have a set of procedures that aim to ensure the health and safety of all employees, including policies, procedures, monitoring and continuous training.



TRAINING AND EDUCATION

GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary		
	Related to the material topic "Human Capital and Talent"		
	7.1 HUMAN CAPITAL AN TALENT		Pages 92-98
	103-2 The management approach and its component		
	7.1 HUMAN CAPITAL AN TALENT		Pages 92-98
	103-3 Evaluation of the management approach	Semapa regularly monitors and assesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available.	
GRI 404: Training and Education	404-1 Average hours of training per year per employee		
	Categories	2019	2020
	Men	39.4	27.0
	Women	34.2	16.1
	Board of Directors	2.9	0.4
	Top Management	22.2	8.5
	Senior Management	42.4	21.2
	Middle Management	45.9	16.9
	Performers	37.9	28.2
	Total	38.6	25.6
	Note: The 2020 decrease is due to the COVID-19 contingency measures that impacted the presential training plans of 2020.		
	404-3 Percentage of employees receiving regular performance and career development reviews		
		2019	2020
	Semapa	100%	89%
	Secil	59%	70%
	NVG	98%	97%
	ETSA	100%	100%
	Methodological note:	This disclosure represents the number of employees evaluated during the reporting year compared to the number of employees in the 31st December of the previous year.	

DIVERSITY AND EQUAL OPPORTUNITY

GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary		
	Related to the material topic "Human Capital and Talent"		
	7.1 HUMAN CAPITAL AN TALENT		Pages 92-98
	103-2 The management approach and its component		
	7.1 HUMAN CAPITAL AN TALENT		Pages 92-98
	103-3 Evaluation of the management approach	Semapa regularly monitors and assesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available.	

GRI 405:
Diversity
and Equal
Opportunity

405-1 Diversity of governance bodies and employees

Professional category	Género	2019	2020
Board of Directors	Men	86.2%	85.5%
	Women	13.8%	14.5%
Top Management	Men	85.1%	84.4%
	Women	14.9%	15.6%
Superior Management	Men	67.1%	67.8%
	Women	32.9%	32.2%
Middle Management	Men	83.3%	77.7%
	Women	16.7%	22.3%
Administratives	Men	64.0%	56.7%
	Women	36.0%	43.3%
Performers	Men	94.4%	95.4%
	Women	5.6%	4.6%
Total	Men	85.4%	85.5%
	Women	14.6%	14.5%

Professional category	Age	2019	2020
Board of Directors	<30	0.0%	0.0%
	30-50	24.1%	21.8%
	>50	75.9%	78.2%
Top Management	<30	0.6%	0.0%
	30-50	37.0%	34.4%
	>50	62.3%	65.6%
Superior Management	<30	11.1%	7.9%
	30-50	60.9%	62.1%
	>50	28.0%	30.0%
Middle Management	<30	7.8%	8.2%
	30-50	49.0%	55.4%
	>50	43.1%	36.4%
Administratives	<30	13.9%	12.1%
	30-50	50.4%	48.6%
	>50	35.7%	39.3%
Performers	<30	13.0%	10.8%
	30-50	56.1%	56.9%
	>50	30.9%	32.3%
Total	<30	11.9%	10.0%
	30-50	54.5%	55.7%
	>50	33.6%	34.3%

Note: In 2019 Sustainability Report, the values reported were in the cross-diversity optics among professional category, gender and age of all employees. In order to have a better perception of diversity within each category, the methodology was changed, and thus it is possible to monitor diversity, both in the Governance Bodies and in the other categories.



405-2 Ratio of basic salary and remuneration of women to men

	2019	2020
Top management	0.77	0.85
Superior Management	0.71	0.75
Middle Management	0.65	0.62
Administratives	1.08	1.02
Performers	0.63	0.67

Note: It should also be noted that 2020 is the first year in which Semapa is reporting this disclosure, and so the Group's response includes only the subsidiary Navigator (responsible for 74% of the Semapa Group's turnover), due to unavailability of the remaining companies, which will be included in the next reporting cycle.

There is no pay gap between men and women in any occupational category.

The wage bill used to calculate the ratio takes into consideration all remuneration received by Employees (including, among others: shifts, overtime, holidays, etc.). Also taken into account is the framework resulting from: seniority (which leads to differentiated pay levels, the so-called salary bands/degrees); differentiation between the Navigator Company's original companies; year of admission; among other criteria.

NON-DISCRIMINATION

GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary Related to the Material Topic "Business Ethics" 6.2 BUSINESS ETHICS	Pages 80-82
	103-2 The management approach and its component 6.2 BUSINESS ETHICS	Pages 80-82
	103-3 Evaluation of the management approach Semapa regularly monitors and assesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available.	
GRI 406: Non-Discrimination	406-1 Incidents of discrimination and corrective actions taken No discrimination incidents were reported.	

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary Related to the Material Topic "Business Ethics" 6.2 BUSINESS ETHICS	Pages 80-82
	103-2 The management approach and its component 6.2 BUSINESS ETHICS	Pages 80-82
	103-3 Evaluation of the management approach Semapa regularly monitors and assesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available.	
GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk This risk was not identified in any operation or supplier.	

CHILD LABOUR

GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary Related to the Material Topic "Business Ethics" 6.2 BUSINESS ETHICS	Pages 80-82
	103-2 The management approach and its component 6.2 BUSINESS ETHICS	Pages 80-82
	103-3 Evaluation of the management approach Semapa regularly monitors and assesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available.	
GRI 408: Child Labour	408-1 Operations and suppliers at significant risk for incidents of child labor This risk was not identified in any operation or supplier.	

FORCED OR COMPULSORY LABOUR

GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary Related to the Material Topic "Business Ethics" 6.2 BUSINESS ETHICS	Pages 80-82
	103-2 The management approach and its component 6.2 BUSINESS ETHICS	Pages 80-82
	103-3 Evaluation of the management approach Semapa regularly monitors and assesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available.	
GRI 409: Forced or Compulsory Labour	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor This risk was not identified in any operation or supplier.	

SECURITY PRACTICES

GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary Related to the Material Topic "Business Ethics" 6.2 BUSINESS ETHICS	Pages 80-82
	103-2 The management approach and its component 6.2 BUSINESS ETHICS	Pages 80-82
	103-3 Evaluation of the management approach Semapa regularly monitors and assesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available.	
GRI 410: Security Practices	410-1 Security personnel trained in human rights policies or procedures Security employees are guaranteed by private security companies, to which is required Human Rights training to their Employees.	

HUMAN RIGHTS ASSESSMENT

GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary Related to the Material Topic "Business Ethics" 6.2 BUSINESS ETHICS	Pages 80-82
	103-2 The management approach and its component 6.2 BUSINESS ETHICS	Pages 80-82
	103-3 Evaluation of the management approach Semapa regularly monitors and assesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available.	
GRI 412: Human Rights Assessment	412-1 Operations that have been subject to human rights reviews or impact assessments The Group's companies in different locations regularly assess the impact of their activities on Human Rights' issues.	
	412-2 Employee training on human rights policies or procedures No training was carried out about this topic.	
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening The most relevant procurement documents for the acquisition of products and services from Semapa Group companies include a set of obligations on the part of contractors aimed to prevent a series of risks related to Human Rights.	



LOCAL COMMUNITIES

GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary Related to the Material Topic "Investment in Community Development" 9.1 INVESTMENT IN COMMUNITY DEVELOPMENT	Page 139
	103-2 The management approach and its component 9. COMMUNITY ENGAGEMENT	Pages 136-141
	103-3 Evaluation of the management approach Semapa regularly monitors and assesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available.	
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs Some community actions are highlighted in chapter 9. However, for further details, please refer to the Sustainability Reports of its subsidiaries, Navigator and Secil.	

SUPPLIER SOCIAL ASSESSMENT

GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary Related to the Material Topic "Business Ethics" 6.2 BUSINESS ETHICS	Pages 80-82
	103-2 The management approach and its component 6.2 BUSINESS ETHICS	Pages 80-82
	103-3 Evaluation of the management approach Semapa regularly monitors and assesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available.	
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria The most relevant procurement documents for the acquisition of products and services from Semapa Group companies include a set of obligations on the part of contractors aimed to prevent a series of risks related to Human Rights.	

PUBLIC POLICY

GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary Related to the Material Topic "Business Ethics" 6.2 BUSINESS ETHICS	Pages 80-82
	103-2 The management approach and its component 6.2 BUSINESS ETHICS	Pages 80-82
	103-3 Evaluation of the management approach Semapa regularly monitors and assesses KPIs associated with this topic. To assess the effectiveness of its management, it also relies on feedback from its stakeholders, benchmarking exercises and external performance ratings, whenever available.	
GRI 415: Public Policy	415-1 Political contributions Semapa did not make contributions to political parties.	

TABLE OF CORRESPONDENCE OF DNFI (DISCLOSURE OF NON-FINANCIAL INFORMATION)

This table matches the contents of Semapa's Sustainability Report 2020 with the elements required in the report template for disclosure of non-financial information, as recommended by the CMVM (Portuguese Securities Market Commission). This template, concerning companies issuing securities admitted for trading in regulated markets, results from the applicable legal framework.

PART I - INFORMATION ON THE POLICIES ADOPTED

Chapters	Sub-Chapters	Correspondence of contents	Location
A. INTRODUCTION	1. Description of the Company's overall sustainability policy, highlighting any changes to the previously approved policy.	SR 2020: About the report Chapter 4	Page 6
	2. Description of the methodology and the grounds for applying it to the reporting of non-financial information, as well as any changes that have occurred in relation to previous years and the reasons for them.	GRI Standards: Key Issue SR 2020: About the report	Page 6
B. CORPORATE MODEL	1. General description of the Company's/Group's business model and form of organisation, indicating the main business areas and markets in which it operates (if possible with recourse to organisational charts, graphs or functional tables).	SR 2020: Chapter 2 Annual Report 2020	Page 16
C. CORE RISK FACTORS	1. Identification of the main risks associated with the subjects reported and arising from the Company's activities, products, services or business relationships, including, where appropriate and whenever possible, the supply and subcontracting chains.	GRI Index: 102-11, 102-15 SR 2020: Chapter 5 Corporate Governance Report 2020: Part 1. C. III.	Page 146 Page 103
	2. Indication of how these risks are identified and managed by the Company.		
	3. Explanation of the internal functional division of responsibilities, including the corporate bodies, commissions, committees or departments responsible for identifying and managing/monitoring the risks.		
	4. Explicit statement of the new risks identified by the Company in relation to what was reported in previous years, and the risks that are no longer reported.		
	5. Statement and brief description of the main opportunities that are identified by the Company in the context of the topics reported.		
D. POLICIES IMPLEMENTED			
i. ENVIRONMENTAL POLICIES	1. Description of the Company's strategic objectives and the main actions taken to achieve them.	SR 2020: Chapters 4 and 8.	Page 40 and 108
	2. Description of core performance indicators set.	GRI Index: 301 to 305. SR 2020: Chapter 8.	Page 146 Page 108
	3. Assessment of the degree of realisation of such objectives, in relation to the previous year, at least by reference to: <ul style="list-style-type: none"> i. Sustainable use of the resources ii. Pollution and climate change iii. Circular economy and waste management iv. Biodiversity protection 	GRI Index: 301 to 305.	Page 146

SR 2020: Sustainability Report 2020



ii. SOCIAL AND TAX POLICIES	1. Description of the Company's strategic objectives and the main actions taken to achieve them.	SR 2020: Chapter 4.1	Page 43
	2. Description of the core performance indicators set.	GRI Index: 201-1, 203-1, 413, 414. SR 2020: Chapter 9.	Page 146 Page 136
	3. Assessment of the degree of realisation of such objectives, in relation to the previous year, at least by reference to:		
	i. Community engagement	GRI Index: 201-1 SR 2020: Chapter 9.	Page 146 Page 136
	ii. Subcontracting and suppliers	GRI Index: 414	Page 146
	iii. Consumers	Not applicable	Page 69
	iv. Responsible investment	SR 2020: Chapter 6.1	Page 69
	v. Stakeholders	GRI Index:102-43 SR 2020: Chapter 4.2	Page 146 Page 43
vi. Taxes	Annual Report 2020		
iii. EMPLOYEES AND GENDER EQUALITY AND NON-DISCRIMINATION	1. Description of the Company's strategic objectives and the main actions taken to achieve them.	SR 2020: Chapter 6.2.	Page 80
	2. Description of the core performance indicators set.	GRI Index:102-8, 405-1	Page 146
	3. Assessment of the degree of realisation of such objectives, in relation to the previous year, at least by reference to:		
	i. Employment	GRI Index: 102-8, 102-41, 404-1, 405-1, 406-1 Annual Report 2020 SR 2020: Chapter 6.2	Page 146 Page 80
	ii. Labour organisation	SR 2020: Chapter 7.2	Pag. 101
	iii. Health and safety	GRI Index: 403 SR 2020: Chapter 7.3	Page 146 Page 101
	iv. Social relations	GRI Index: 102-41	Page 146
	v. Training	SR 2020: Chapter 6.2	Page 80
vi. Equality	GRI Index: 405-1 SR 2020: Chapter 6.2 Principles of diversity: https://www.semapa.pt/en/investidores/governo/principiosdiversidade	Page 146 Page 80	
iv. HUMAN RIGHTS	1. Description of the Company's strategic objectives and the main actions taken to achieve them.	SR 2020: Chapter 6.2	Page 80
	2. Description of the core performance indicators set.	GRI index: 102-16, 409-1, 412	Page 146
	3. Assessment of the degree of realisation of such objectives, in relation to the previous year, at least by reference to:		
	i. Due diligence procedures ii. Risk prevention measures iii. Legal proceedings		

V. FIGHTING CORRUPTION AND ATTEMPTED BRIBERY	1. Preventing corruption: measures and instruments adopted to prevent corruption and bribery; policies implemented to deter employees and suppliers from adopting such practices; information on the compliance system indicating the respective function supervisors, if any; indication of legal proceedings involving the Company, its directors or employees related to corruption or bribery; public procurement measures adopted, if relevant.	GRI Index: 102-16, 205-1, 205-3 Corporate Governance Report 2020: Part 1. C. II.	Page 146 Page 102
	2. Prevention of money laundering (for issuers subject to this regime): measures to combat money laundering; indication of the number of cases reported annually.	GRI Index: 102-16, 205-1, 205-3. Corporate Governance Report 2020: Part 1. C. II. SR 2020: Chapter 6.2	Page 146 Page 102 Page 80
	3. Codes of ethics: indication of any code of ethics which the company has signed or implemented; indication of the respective mechanisms for its implementation and monitoring of compliance, if applicable.	GRI Index: 102-16, 205-1, 205-3 Corporate Governance Report 2020: Part 1. C. II. SR 2020: Chapter 6.2	Page 146 Page 102 Page 80
	4. Management of conflicts of interest: measures to manage and monitor conflicts of interest, namely requiring managers and employees to sign declarations of interest, conflicts and impediments.	GRI Index: 102-25 Corporate Governance Report 2020: Part 1. C. II.	Page 146 Page 102

PART II - INFORMATION ON STANDARDS / GUIDELINES FOLLOWED

1. IDENTIFICATION OF STANDARDS/ GUIDELINES FOLLOWED FOR REPORTING NON-FINANCIAL INFORMATION	Identification of the standards / guidelines followed in the preparation of the non-financial information, including the respective options and other principles considered in the Company's performance, if applicable. If the Company mentions the Sustainable Development Goals (SDGs) of the United Nations Agenda 2030, highlight those which the Company is committed to achieving, indicating the measures taken each year to meet the goals set for each of these SDGs. In other words, identify actions, projects or concrete investments for meeting the SDGs.	GRI Standards: Core option SR 2020: GRI Index	Page 146
2. IDENTIFICATION OF SCOPE AND METHODOLOGY FOR CALCULATING THE INDICATORS	Description of the scope and methodology (including calculation formula) for calculating the indicators provided, and of the reporting constraints. Whenever possible, presentation of a table of correspondence between the indicators presented and the principles or objectives considered, indicating the site where the information is detailed (e.g., the page of the separate report for the disclosure of non-financial information, the annual report, other documents or the Company's website).	SR 2020: GRI Index: 102-55	Page 146
3. EXPLANATION FOR NOT IMPLEMENTING POLICIES	Where the Company does not implement policies with respect to one or more topics, the reporting of non-financial information provides an explanation for this.		
4. OTHER INFORMATION	Additional items or information that are not addressed in the previous paragraphs, but are relevant for understanding, framing and justifying the importance of the non-financial information disclosed, particularly with regard to networks/consortia of entities linked to issues of sustainability and responsibility of the organisations that it is a member of/ belongs to, whether at national or international level, and sustainability commitments that the Company has voluntarily undertaken, at local or global level.	GRI Index: 102-12	Page 146





INDEPENDENT LIMITED ASSURANCE REPORT



KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
Edifício FPM41 - Avenida Fontes Pereira de Melo, 41 – 15º
1069-006 Lisboa - Portugal
+351 210 110 000 | www.kpmg.pt

INDEPENDENT LIMITED ASSURANCE REPORT TO THE SEMAPA – SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.

**((Free translation from a report originally issued in Portuguese language.
In case of doubt the Portuguese version will always prevail.))**

Introduction

We were engaged by the Board of Directors of **Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.** (“Entity”) to perform limited assurance work on the sustainability information prepared by the Entity for the year ended 31 December 2020.

Management’s responsibilities

Management is responsible for:

- The preparation and presentation of the sustainability information included in the 2020 Sustainability Report, in accordance with the Global Reporting Initiative Guidelines, GRI Standards; and
- Establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement as described in the paragraph below (“Scope”) and to express a conclusion based on the work performed.

Scope

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). That Standard requires that we plan and perform the engagement to obtain limited assurance that nothing has come to our attention that cause us to believe that the sustainability information included in the Sustainability Report for the year ended 31 December 2020 was not prepared, in all materially relevant aspects, in accordance with the requirements of the GRI Standards Guidelines and that the Entity has not included in the sustainability information included in the Sustainability Report for the year ended 31 December 2020 the GRI Guidelines for the “Core” option.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and

procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas' code of ethics.

A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of the information presented in the 2020 Sustainability Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Interviews with senior management and relevant staff, at corporate and operational levels, concerning sustainability strategy and policies for material issues, and the implementation of these across the business.
- Interviews with relevant staff and those responsible for the preparation of sustainability information for the year ended 31 December 2020;
- Comparing the information presented in the Entity's Sustainability Report for the year ended 31 December 2020, to corresponding sources of information in order to determine whether all the relevant information contained in such underlying sources has been included in the Report; and
- Reading the information presented in the Sustainability Report to determine whether it is in line with our overall knowledge of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, all relevant matters that would be identified in a reasonable assurance engagement might not have come to our attention, and therefore we do not express a reasonable assurance conclusion.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the information included in the Sustainability Report of the Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. for the year ended 31 December 2020 is not presented, in all material respects, in accordance with the requirements of the GRI Guidelines and that the Entity has not applied the GRI Standards Guidelines to the “Core” option in the Sustainability Report for the year ended 31 December 2020.

Restriction of Use and Distribution of our Report

Our Independent Limited Assurance Report is issued solely for information and use by the Board of Directors of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. in connection with the disclosure of the 2020 Sustainability Report and is not intended



to be used for any other purpose. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. for our work, for this independent limited assurance report, or for the conclusions we have reached.

Lisbon, 6 April 2021

SIGNED ON THE ORIGINAL

KPMG & Associados -
Sociedade de Revisores Oficiais de Contas, S.A.
Represented by
Paulo Alexandre Martins Quintas Paixão (ROC no. 1427)

(Page intentionally left blank)



SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.
PUBLIC LIMITED COMPANY

Av. Fontes Pereira de Melo, No. 14, 10º, 1050-121 Lisboa
Tel (351) 213 184 700 | Fax (351) 213 521 748

WWW.SEMAPA.PT

Company Registration and Corporate Taxpayer Number: 502 593 130 | Share Capital: EUR 81 270 000
ISIN: PTSEM0AM0004 | LEI: 549300HNGOW85KIOH584 | Ticker: Bloomberg (SEM PL); Reuters (SEM.LS)

TECHNICAL SUPPORT
Stravillia Sustainability Hub

DESIGN AND DEVELOPMENT
GetBrand