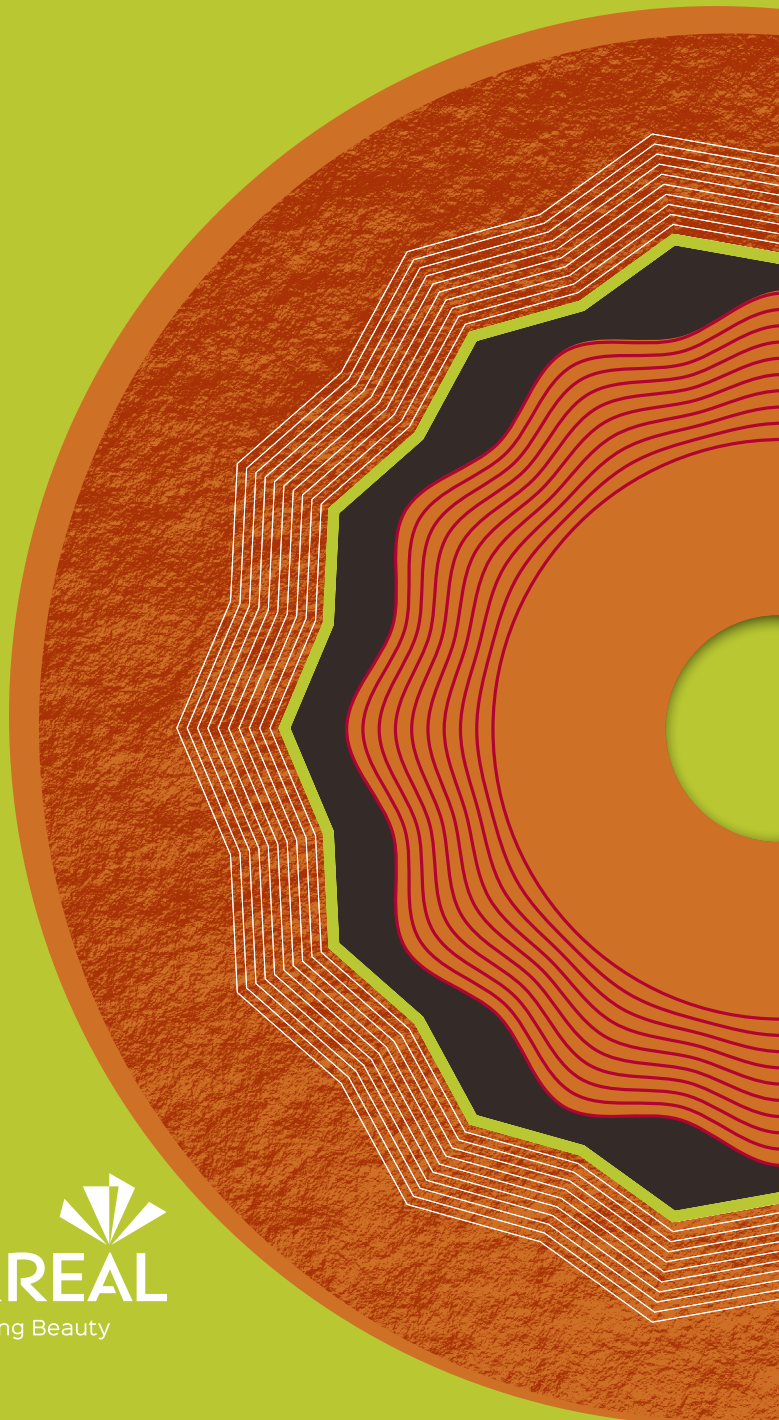


CSR REPORT
2021 Edition

FROM THE EARTH TO THE SUN



“We can only reasonably expect to grow if we act in accordance with the aspirations of customers, associates and the communities to which we are committed.”


Laurent Musy, CEO of the TERREAL Group



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Editorial

 The integration of environmental, social and societal matters into our business activities is a sign of strong commitment to sustainable development, which this report aims to highlight.

As with any other area of our business, our approach to Corporate Social Responsibility (CSR) is based on the principle of continuous improvement. It contributes to establishing a vision of our Group's economic and human performance, environmentally friendly and in harmony with communities where we live and work.

At the heart of our mission, CSR is a part of our strategic plan for profitable and sustainable growth.

We want to offer even more innovative, high-quality and sustainable products and solutions to our customers, while guaranteeing the safety and commitment of our employees, as well as of the communities in which we operate.

2021 was very demanding and intense. The COVID-19 pandemic brought changes and had an unexpected impact to our business, mainly with a high increase in demand in the construction sector. It has generated tremendous pressure on our production and our workforce, which is reflected in our lower performance in safety, CO₂ emissions and customer satisfaction. Moreover, from the second quarter, our European sites have had to deal with the unprecedented rise and volatility in gas prices.


Nevertheless, we focused on the successful integration of our new Group, as 2020 ended with the most important and far-reaching event since the foundation of TERREAL 20 years ago: the acquisition of CREATON, a major player in clay and concrete roof tiles in Germany and Eastern Europe. We share a common culture with CREATON, based on operational excellence, customer proximity, openness and teamwork. 2021 was the year of mutual enrichment and shared strength serving the Group's profitable and sustainable growth. This operation makes our Group a European leader in roof tiles, more effective, more efficient and more innovative.

The positive impact of our drive to make our company more virtuous and better integrated internally and externally with its environment is measurable and perceptible. We can only welcome these operational improvements, even if they do not allow us to achieve all the ambitious CSR objectives we had set ourselves in 2015. The operational deployment of action plans and an increase in employee awareness will make it possible to reverse the trend and set up our efforts in the following years.

This document is the final progress report for TERREAL's first CSR strategic plan 2015-2021. As a Group, we are proud of what we have achieved especially in the area of skill development, resource management and eco-design. However, we are aware of the need to boost our efforts, particularly those relating to CO₂ emissions and reinforcing the safety culture in our Group.

After one year of integration and sharing our best practices as a new Group, we worked together on our second CSR strategic plan to define even greater commitments and actions that respond to complex and interconnected global challenges. We need to be positive in the rapidly changing world and take responsibility as a larger Group, with more impact, by creating greater synergies in 2021 to fasten our move to work towards more extensive, sustainable transformation.

Our new Group, TERREAL and CREATON, will soon publish its new CSR strategy for 2030. In order to jointly build a better, more sustainable and beautiful place for us and for future generations to live, our CSR strategy will be based on three pillars: grow a sustainable business, contribute to sustainable buildings and communities, and protect our environment.

This CSR report will discuss responsible performance and innovation and summarize the first CSR strategy with commitments, targets and achievements for 2021, established for TERREAL (France, Italy, Spain, USA and Asia). This report provides a non-exhaustive overview of our CSR activities. The aim of this report is to explain, in concise and practical terms, the relevance of our achievements, objectives, success, as well as certain problems that we encountered, against a background of environmental, economic, industrial and socio-cultural change. 

Laurent Musy,
CEO of TERREAL Group

An overview of our worldwide Group



For over 150 years, TERREAL has been a key player in the field of clay building materials. Drawing on this unique experience, our company creates innovative and sustainable building envelope solutions.



For over 130 years, CREATON has built its success on clay roof tiles, concrete roof tiles, roofing components and solar energy. By combining our strengths, the new Group has become a European leader in roof tiles with a global presence.

A complete solution for building envelope requirements

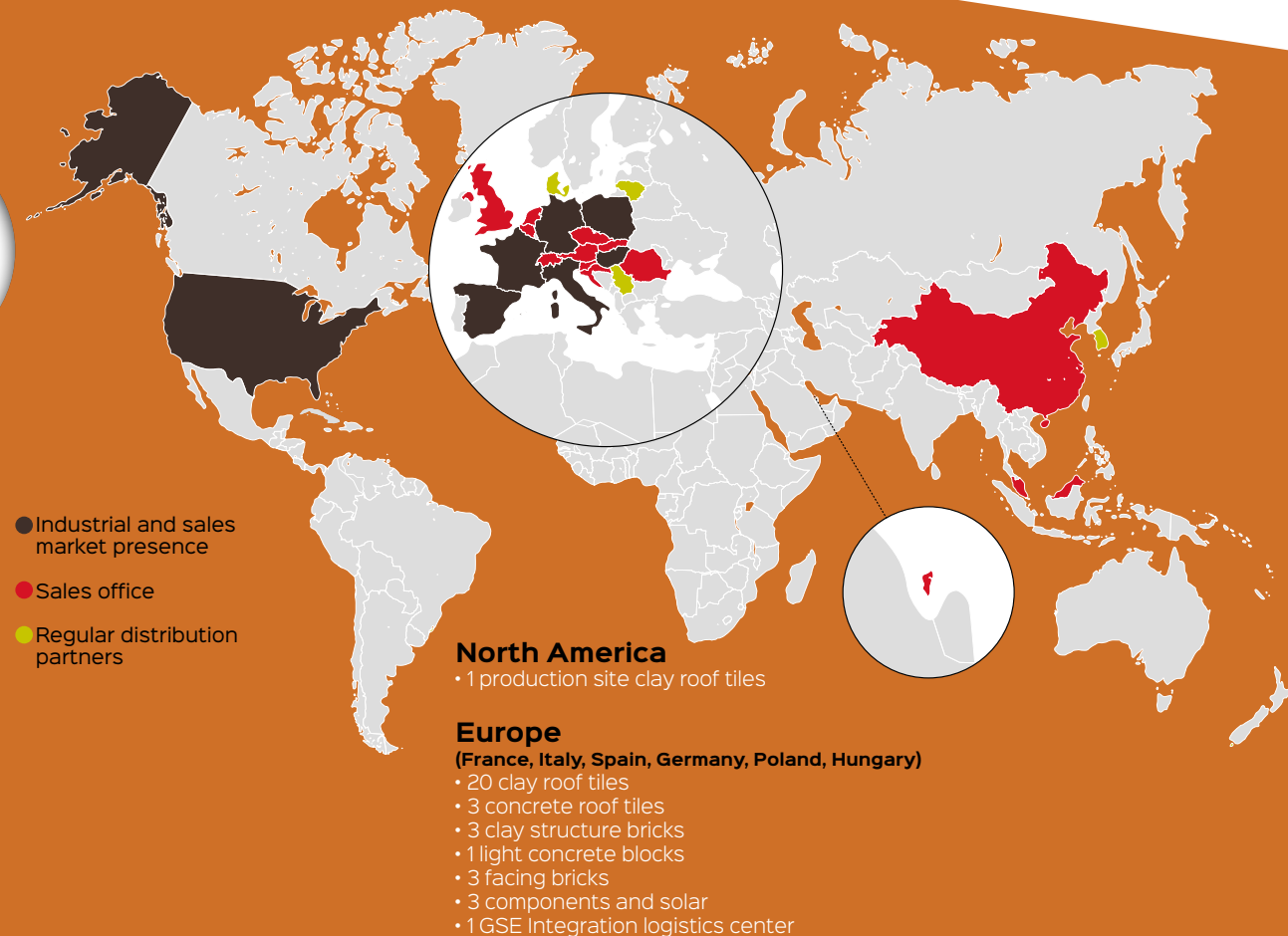
The Group operates in four areas:

Roofing **Solar** **Structure** **Facades/Decoration**

Clay, an efficient material with a low carbon footprint

A natural, ecological and sustainable material using only natural raw materials.

Useful life: 100 years. A fireproof material, it insulates buildings and optimizes their energy efficiency.



3,228
employees

33
production sites
across 7 countries

€693m
net sales

Committed to sustainable housing

Our Group is committed to promoting sustainable, aesthetic and functional housing that respects both people and the environment. By developing a wide and specialist range of products and services, we are committed to:

... creating innovative solutions for building envelopes

... contributing to the improvement of housing by supporting our customers

... forging partnerships to deliver greater benefits to our customers

... developing products and services designed to be future-proofed against regulatory changes

Our vision of Corporate Social Responsibility

Our Group's awareness of its Social Responsibility is long-standing. For us, ensuring the health and safety of our employees, satisfying our customers, reducing our energy consumption as well as preserving and developing our clay resources are priorities, forming an integral part of our current corporate strategy – at all levels, in each of our areas of activity and in every decision we make.

Our CSR approach

We believe that in a changing sector such as housing, Corporate Social Responsibility is more than just a trendy concept or philanthropic vision. CSR is the most meaningful way of doing business and driving performance, and one that our Group must use to map out its future and ensure the long-term sustainability of its activities. Formalizing our CSR approach is also an opportunity to reaffirm the principles we value, such as the transparency of our activities, accountability to Society and the recognition of the interests of our stakeholders. To achieve this, TERREAL* established its first, holistic CSR strategy in 2017 as the foundation of four major commitments:

- promoting the environment;
- supporting communities;
- developing responsible working relationships and conditions;
- supporting sustainable innovation.

In this report, we summarize TERREAL's five-year efforts to enhance our economic, environmental and social performance and strengthen our commitment to build a more sustainable future for all.*

*In this report, we only look at TERREAL's strategic achievements, targets met, success determinants and the reasons for not achieving certain CSR goals. Due to the fact that CREATON joined our Group at the end of 2020, its results are not included in the strategic KPIs presented in this report. Our new CSR strategy will set sustainable development targets for the whole Group including all our perimeters and countries in which we operate.


3,228
employees
who are completely committed



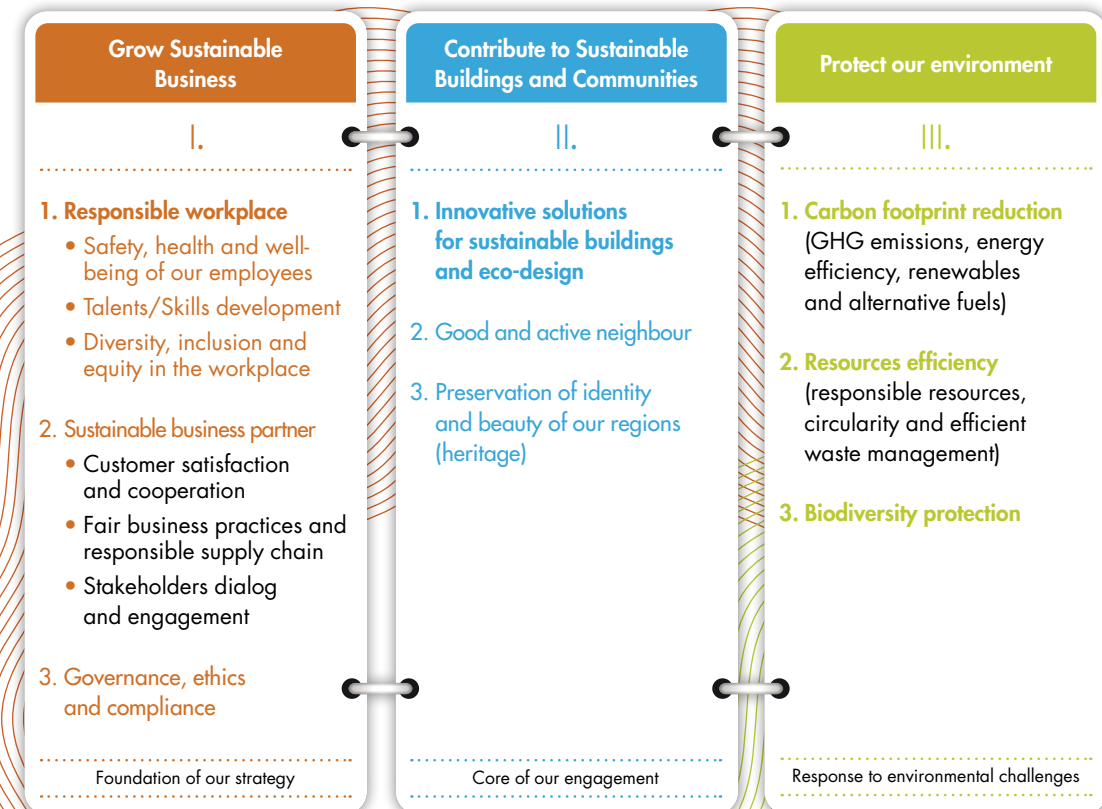
Move towards a more sustainable, resilient and inclusive world: CSR Strategic Plan 2030

We are operating in a rapidly changing world. To ensure the success of our business and that we use our potential to build a better and more sustainable future, we must take on the challenges that face us. It has never been more important.

On the one hand, we recognize and embrace our social responsibility as a factor in bringing added value by operational efficiency and continuous improvement, as well as delivering more benefits to our stakeholders along the entire value chain. On the other hand, running a business in a sustainable way requires identifying, controlling and improving key impact areas and activities. We believe that this CSR approach represents our greatest opportunity to create more value and develop a solid basis for positive social and important environmental contribution.

Therefore, in 2021, we undertook a comprehensive revision of our CSR strategy to identify the priority areas where we could have the biggest impact on sustainable development and set new transformative targets for the Group to achieve by 2030. For this, we conducted a materiality analysis including a stakeholder survey and the evaluation of the impact of our actions and the importance to our business of potentially key issues. The results of the new materiality matrix helped us to determine the most important issues and areas of action which served us as a basis for the new CSR strategic plan.

We have identified the following three focus areas to enable us to fulfill the vision and ambition to jointly build a better, more sustainable place for us, and future generations, to live.



The priority areas presented in the image above are the spheres where we have the biggest impact on sustainable development through our business, and which will guide all of our actions in the coming years.

- 1 -

LAND OF RESPECT

Aware of its footprint on the planet, our Group bases its development on respect for both People and the Environment. Pursuing a specific sustainable development approach is the very essence of the Group. Every day, we strive to avoid, reduce and offset the impacts of our activities through various initiatives, such as the recovery of heat from the kiln for the dryer, the use of biomethane, improving energy efficiency, introducing mitigation programs to have a positive impact on biodiversity in quarries, etc.

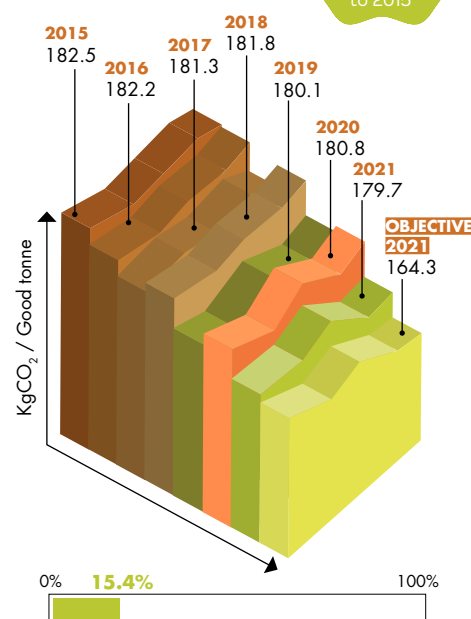


Reducing our greenhouse gas (GHG) emissions

Our Group holds itself to the highest standards in its efforts to tackle the major challenges of climate change and the protection of the environment. Our priority commitment for TERREAL France to reducing the GHG emission rate by 10% in 2021 compared to 2015 has galvanized the company on several levels.

CO₂ emissions since 2015
(France, sites under ETS)

2021 OBJECTIVE
-10%
reduction in GHG emissions compared to 2015



CO₂ emissions assessment

Between 2015-2020, with our CO₂ roadmap, we invested in many areas to optimize our energy efficiency. Alternative effects offset the performance efficiency such as the orientation of the product mix on some sites and unexpected maintenance.

Since the COVID-19 crisis, the market has been consistently dynamic. To meet this demand we increased production by 14%. This is one of the main reasons why we did not achieve our objective in 2021 :

- higher utilization of less performing lines
- more line restarts and more flexibility triggering a higher energy consumption
- unexpected maintenance as a result of higher utilization rates

We actually observed that plants, which did not experience any unplanned event in 2021, had a better energy performance compared to 2015. The action plan set out to reduce our CO₂ emissions was well-defined, measured and brought expected results; unfortunately, these benefits were offset by the negative effects specified above.

We have amplified our efforts with large-scale investments that will allow us to further reduce our CO₂ emissions over the coming years.

“As planned, we are pursuing our action plan to reduce energy consumption and CO₂ emissions along 3 axes:

- energy management and continuous improvement (in France, the 1st site was ISO 50 001 certified in 2021, 5 sites planned in 2022) with a global action plan of more than 400 actions identified, valued and prioritized to date;
- investment to reduce our energy consumption: allocation of production to less energy-intensive lines, deployment from the end of 2021 of heat recovery exchangers in kiln fumes, etc.;
- substitution with renewable energies: thermal or photovoltaic solar, various uses of biomass, electrification of processes, demand side load management, etc.

This work takes time and we have had to deal with adverse effects (flexibility, product mix, pandemic, etc.), but it has been in progress for several years and the start-up of the heat exchanger in Chagny (Burgundy, France) in January 2022 is one of the first realizations. Each year, we will see new projects that will lead us to achieve our objectives for 2030.”



Patrick Leblans,
France Energy Director

CHAGNY, FRANCE

ECOCEA, a short-loop economy solution

Developed in 2013, the ECOCEA project was born out of the desire to find an alternative solution to using landfill sites for household waste. Five years ago, when the ECOCEA project was starting up, our Chagny 2 plant was the first tile plant in the world to fire its tiles using biomethane. This renewable natural gas, produced by the methanization of household waste from surrounding towns, covers 20% of the plant's energy needs and enables TERREAL to avoid nearly 3,800 tonnes of fossil-based CO₂ emissions per year.

3,800 tonnes/year
of fossil-based CO₂ waste avoided

20%
from Chagny 2 fired using biomethane

7,000 tonnes
of waste treated per year

* Good tonne = sellable tonne.



5 of our plants are part of the 10% most efficient clay tile plants in Europe

in terms of GHG emissions intensity (ETS system - tiles benchmark):
Le Ségala + Valenza + Lenti + Widziszewo + Saint-Martin



Our low carbon road map

For each of its sites, our Group is pursuing an ambitious program to achieve its objective of reducing CO₂ emissions. In order to accelerate the transition to low carbon technologies and to ensure that we stay on track to meet our GHG emissions strategic goals, we have had an internal carbon cost in place for many years.

1 Standardizing and sharing good practice

Each energy efficiency officer ensures compliance with the established standards, which are applicable to all production sites.

41 visits or energy audits carried out in 2021 across all sites: indicators, analyses, best practice discussions, progress of action plans.

ISO Certification

Our plants in Germany, Hungary and Chagny 2 in France are ISO 50 001-certified. Deployment in every French plant is planned for the following years.

5 Reducing product weight

Our Group has been working for a number years to reduce product weight.

The **Calibric R+** brick is still the lightest of its category on the market in kg per m² of wall.

Limiting the impact of transport

By locating our production sites close to the extraction quarries, material transportation is kept to a minimum. Our plants are also located at the heart of our customer catchment areas to ensure our territorial coverage is eco-efficient.

2 Investing in better energy efficiency

Our Group invests every year to modernize its production equipment.

1,700 t of CO₂ avoided in 2021 and 2,900t CO₂ planned every year (-7.3% of the site's emissions) through an investment making it possible to transfer a roof tile range from a roller kiln to a tunnel kiln in Roumazières (France).

-700 t of CO₂ avoided every year due to the renovation and modernization of the dryer in Chagny 1, France (-13.8% of consumption vs 2018).

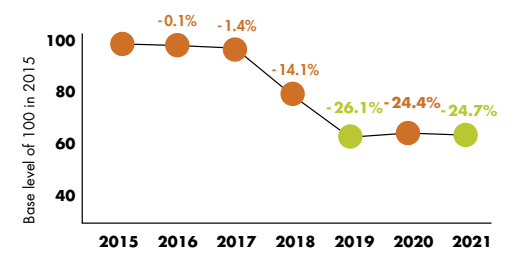
-730 t of CO₂ will be avoided every year thanks to the new heat exchanger in Roggden (Germany) (-7% of gas consumption compared to 2019).

As a stakeholder in the energy transition, we contribute to the balance of the French electricity grid.

As part of its drive to optimize energy efficiency, TERREAL has joined forces with Enerdigit, simultaneously stopping the use of certain equipment in 13 plants for a short period of time. Their purpose is for the corresponding energy to be made available to the network during peak times or when alternative energy sources (wind or solar power) cannot meet demand. This is another form of solidarity for the planet's benefit.

-6% of electricity consumption between 2015 and 2021, thanks to the consumption improvements carried out on our production tools and the switch to LED lighting in our plants.

Scrap rate, France



A 12% reduction in the scrap rate in CREATON Germany, Poland and Hungary plants in 2021 compared to 2020

3 Reducing scrap

Our goal is to reduce the rate of fired scrap in order to improve energy efficiency. Efforts are focused on process consistency using « World Class Manufacturing » methods. It includes training, education, automation, digitalization and modernization.

After a record year in 2019, the increase in the scrap rate in 2020 and 2021 can be explained by the COVID-19 pandemic and pressure on our production.

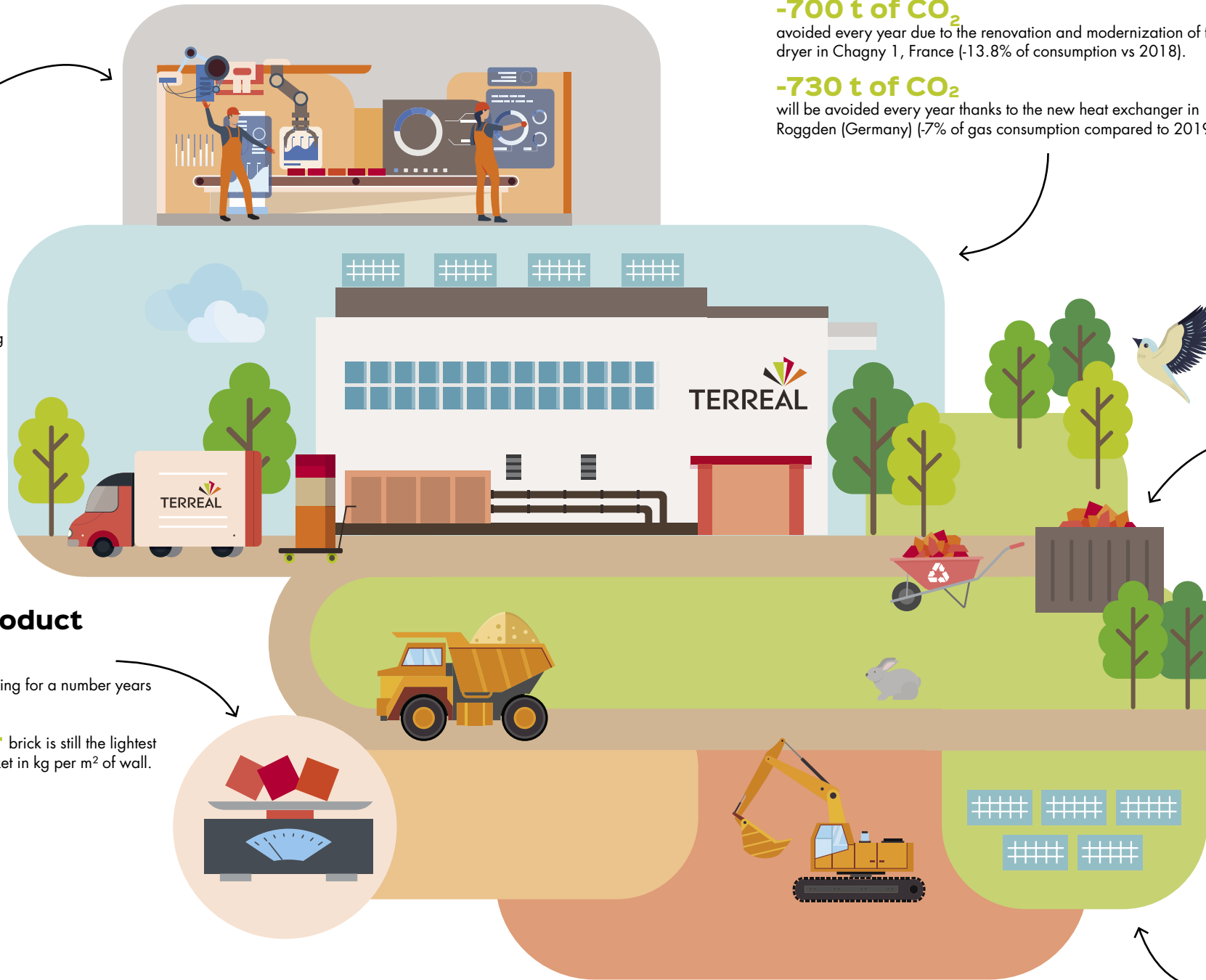
- A 24.7% reduction in the scrap rate in our plants in France in 2021 compared to 2015 (i.e., -1.6% of scrap).
- This corresponds to 2,700 tons of CO₂ avoided in 2021 compared to 2015, thanks to a reduction in the scrap rate.

4 Increasing the use of renewable energies

The use of renewable energies is another strategy identified by the Group for reducing its carbon footprint.

5 million tiles fired per year using biomethane.

17% of electricity consumed by our French and Italian sites was covered by photovoltaic sources in 2021. TERREAL France has entrusted TotalEnergies Renewables to convert 8 sites, including former quarries, into ground-mounted photovoltaic power plants, for 2024. With this partnership, TERREAL affirms its ambitions to offset 100% of its electricity consumption by producing renewable energy on its fields.



Preserving resources and biodiversity

Aware of its role in the conservation of resources and biodiversity, the Group is undertaking measures in order to limit its extractions of clay and sand. We are committed to designing quarrying projects with the least impact possible, revitalizing natural environments and enriching biodiversity before, during and after operations.

A life cycle plan for our quarries

Our Group is taking action to ensure ever more responsible management of its raw materials, in order to preserve our resources and their environment.

To meet these objectives, we have set all of our quarries will need to be covered by a life cycle plan by 2021. Each plan precisely describes the quarry's physical and geological data, from its opening to its redevelopment. This document also formalizes the indicators for the open area, recoverable material and redevelopment to ensure the virtuous management of each quarry.

OUR 2 COMMITMENTS DURING QUARRYING OPERATIONS

#1.

To allow flora and fauna to thrive by disturbing the ground surface as little as possible

Our Group requires every Quarry Operations Manager to work on a limited open surface area. The aim, in time, is to ensure the size of the actual operating area is as close as possible to the theoretical area defined in the life cycle plan. By setting targets that go further than mere regulatory requirements, our Group is fully committed to meeting this challenge.

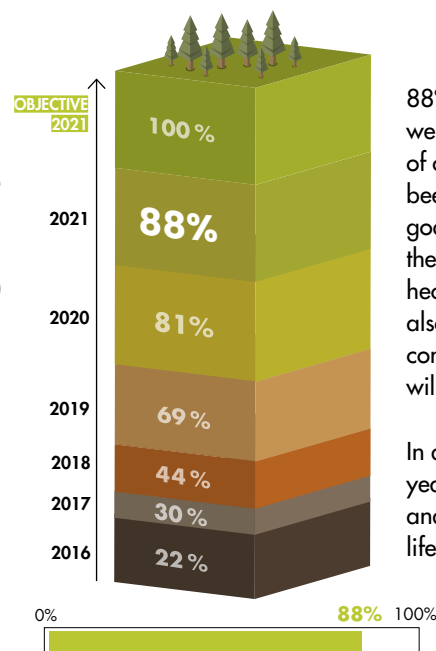
#2.

To get the most amount of material out of the quantities we extract

The material extracted from quarries is not uniform and does not have the same characteristics. The aim is to recover the maximum amount from the material extracted using various grinding methods or as a raw material for other manufacturers. As results of an R&D project and using a database of several years' experience, we completed an expert formulation system to optimize the clay blends and better use all available material.

Quarries covered by a life cycle plan (France, Italy, Spain and USA)

2021 OBJECTIVE 100%
of our quarries covered by a life cycle plan



88% of our French, Italian, Spanish and US quarries were covered by a life cycle plan in 2021. The evaluation of our Italian quarries and one last French quarry have been scheduled, which will allow us to achieve our 100% goal in 2022. Notable point, between 2020 and 2021, the open area has been reduced by more than 10 hectares. In Germany, Poland and Hungary, quarries are also managed. In 2022, best practice sharing will continue and new objectives for the whole new Group will be established.

In any case, we will continue our efforts in the coming years to open as few new surfaces as possible and further progress in the implementation of quarry life cycle plans.

GROSSBETTENRAIN, GERMANY

Restoration of the former Bavarian clay quarry in Grossbetzenrain

This pit was used for clay extraction between 2000-2016. Even before its closure, from 2010 onwards, recultivation works were underway. 14 ha of agricultural land was restored to its original use, and an additional 0.7 ha were converted into meadow and wooded habitats. In addition to afforestation, many fruit trees were planted there, mainly traditional species of apple trees and plum trees and old fruit varieties were also reintroduced. As a result, these orchards attract many insect pollinators. Two additional ponds with natural vegetation serve as a new habitat for protected amphibians.

BORDENEUVE, FRANCE

Dig deeper to divide the open space area in Bordeneuve quarry by 5

Results of geological quarry studies and innovations for the grinding process have enabled the Bordeneuve quarry to use an alternative methodology to extract deeper in the ground. In 2021, we successfully conducted eight blasting operations in this sand quarry.

The long-term objective? Divide the open surface area by 5. This preserves more space for fauna and flora! This method also makes it possible to lengthen the life of the quarry and enhance the value of our reserves.

STRUCTURE OUR QUARRY MANAGEMENT WITH THE CAP ENVIRONMENT CHARTER AND A BIODIVERSITY ROADMAP

Saint-Papoul quarry is the biggest in France and the most comprehensive site regarding environmental issues (resources, biodiversity, water, waste, energy...). In 2021, TERREAL France decided to commit the "Cap Environment- ex UNICEM Charter". Saint-Papoul is the pilot site to investigate our quarry management: the process, practices and biodiversity measures. The first results are expected in 2022.

In 2021, TERREAL France also launched a new biodiversity roadmap. The action plans listed aim to improve and harmonize our engagements, to better share biodiversity knowledge internally and externally with scientists, and to increase our ecological capital.



Our actions to promote biodiversity

The challenge to reduce our impact on ecosystems has been an issue at the center of what we do for a number of years. It involves initiatives carried out in partnership with elected representatives and local authorities. In addition to mandatory environmental impact studies, we carry out complementary initiatives at our quarries with the aim of furthering our knowledge of biodiversity and, where necessary, implementing mitigation actions.

BUTTENWIESEN, GERMANY
Clay quarry as a habitat for protected species
 CREATON teams, in partnership with LBV (Bavarian Bird Protection Society), have mobilized to create an ecosystem rich in biodiversity in the region of the clay quarry in Buttenwiesen, which will serve as a habitat for protected species. Many activities developed in collaboration with experts, such as beehives, sand slopes for wild bees and sand martins, artificial habitats for bats in reforestation areas and water basins for birds and amphibians to the side of the excavation area, contributed to the development of local flora and fauna species.



Redevelopment

- into a solar power farm: 12 millions of kWh at Laplaud
- into a biomethane unit: ECOCEA.

Integration of tit birdhouses
 to help, in ecological forest management, oak tree growth on Chapet quarry

A mitigation plan to help bats
 To reduce the impact on the bat population, all potential roosts were located, and unoccupied hollows were filled in before the overwintering period at Chagny 2 (71).

Noale oasis (Italy)
 The Noale quarry has resulted in the formation of ponds conducive to local biodiversity. The site is recognized as a wetland rich in protected fauna, being home to most of Italy's bird species.

189 bird species welcomed at the Oasis.

Limit on the surface open area
Objective: to disturb the ground surface as little as possible to allow flora and fauna to thrive.

Volume challenge under way
Objective: to get the most from the extracted material.

An apiculture plan
 30 hives have been installed at the quarry in Saint-Papoul to combat the extinction of bees, which are a vital pollinator.

90,000 bees counted in the program.

Actions to raise awareness: the municipal biodiversity atlas
 In Roumazières-Loubert (16), the organization of nighttime visits dedicated, in 2018, to the amphibian fauna of the Vignauds quarry.

Converting our waste and waste water into resources

CSR commitments and priorities are defined at Group level, however environmental management is local. Each site puts in place targeted actions to limit damage and reduce its environmental footprint. Previously considered waste, scrap and wastewater are now reused as new resources in the Group's manufacturing processes.

Improving runoff water treatment

To ensure the water we release into the natural environment is clean, we are committed to storing and treating rainwater and process water, as well as implementing systems to prevent accidental pollution. With this in mind, each of the Group's plants records the circulation patterns of the used water.

For the majority of the Group's sites, the entire process water circuit is in a closed loop with treatment and retention basins. For example, in our German plants in Höngeda, Großengottern, Guttau and Neuburg no process wastewater is produced.

In addition, in order to preserve this precious resource, the sites are working to withdraw the minimum amount of water and optimize its use by reusing water used in manufacturing. For example, the Chagny 2 site no longer takes any water from the network.

The water consumed comes from the nearby quarry, from the plant and from the recovery of rainwater. To ensure the water we release into the natural environment is clean, we set about increasing our storage and runoff water treatment capabilities at the Roumazières site.

Pipework, collection, storage and restoration works (carried out between 2015 and 2017) mean, in Roumazières for example, that we are now able to ensure continuous treatment of suspended solids (SS). As a continuation of these actions, a pump was installed in 2018 to recover "used" water, while the soil is now protected thanks to a water retention enclosure.

Our plants in Germany, Hungary and Noale in Italy are ISO 14 001-certified. Certification deployment in our French plants is planned for the coming years.

* Residue left from the application of color pigments to our tiles.

Limiting losses and reusing waste generated by manufacturing

From green and dry scrap to fired scrap and engobe* scrap, our Group implements targeted actions to limit these and optimize their reuse.

In some clay plants, scraps are reincorporated inside the production process. In our Polish plant in Widziszewo for example, around 3.8% of the total mass used in the production comes from reusing scraps.

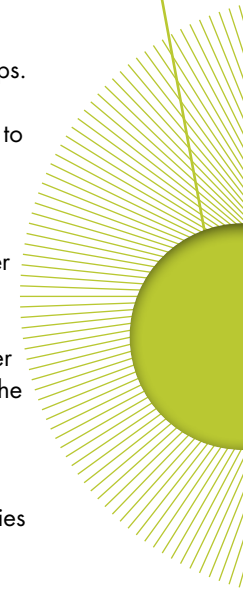
At the Bavent site, a storage depot was built in 2015 to facilitate the reintegration of engobe scrap in the quarry's clay.

At our metal roofing components plant in Lahera, after investing in 2018 in a new color application process that does not involve the emission of Volatile Organic Compounds (VOCs), the optimization of color powder recovery allows its recycling and reintroduction into the manufacturing process.

Fired scrap can be reused in the manufacturing process, but can also be used as backfill in our quarries or, in the case of the Bavent site, offered to the municipality for the maintenance of the agricultural pathways near the marshes.

In circular economy logic, in 2021, TERREAL joined forces with two French major players in clay building materials to recover construction waste from Toulouse metro worksites. Material excavated from underground structures, representing nearly 2.8 million m³, could be integrated into the process of clay product production or recovered as quarry backfill.

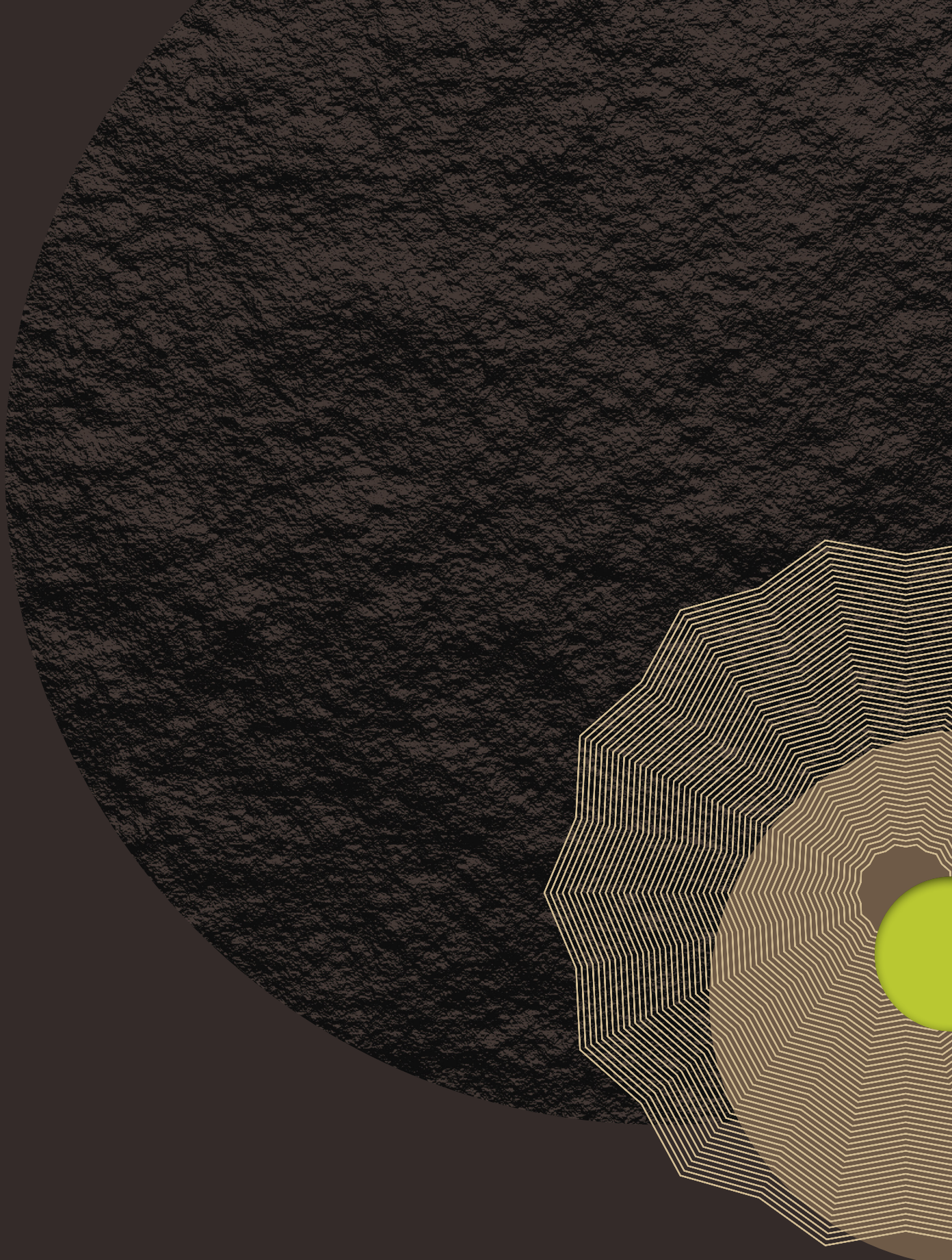
99% of the suspended solids at the Roumazières plant (16) were treated before the water was discharged to the river



- || -

LAND OF COMMUNITIES

Our local presence requires a trusting relationship and constant engagement with all local stakeholders, whether staff, customers, end users, associations, local authorities or institutions. On a day-to-day basis, we are committed to training and to creating jobs in rural areas, to supporting cultural and social initiatives, to preserving heritage and to protecting biodiversity.



We are supporting our communities

Employment

Our Group provides direct jobs that cannot be relocated. In Europe, the whole ceramic industry contributes to:

200,000
direct jobs

80%
SMEs local jobs

Source: Cerame-Unie

Cultural

The Group supports cultural development that honors clay, including:

- Didactic approach of knowledge of the territory and environmental education for children with the Italian League for the Protection of Birds (LIPA) in Noale oasis, Italy
- the Bavent and Roumazières festivals based on clay
- the "doing together" cultural and artistic project in Thèrèval, France

Wealth of heritage

Our Group participates in enhancing the value of the heritage of communities in which it is present, through sponsorship actions.

- TERREAL has been a partner of the Maisons Paysannes de France association for 8 years and a sponsor of Fondation du Patrimoine.
- **200 m² of roofing** donated for the renovation of the 17th century church in Baruth, located in the vicinity of the CREATON Germany plant in Guttau.

Aesthetics of Communities

Preservation of the identity of communities is also one of our Group's key values.

- 11th annual TERREAL Terroirs competition in 2021, almost 70 prizes given out over 11 years, placing value on the work of roofing professionals who protect heritage.
- Almost **863 variations** of models/shape/colors.

Training

Our Group supports the teaching of building trades with partnerships or donations of products and skill transfer.

- Trades Olympics (Olympiade des métiers) and Apprentice Training Centers (CFAs in French): **8,700 bricks** donated in 2021.
- Support for the Compagnons du Devoir youth training organization (France);
- Support for university research (PhDs, partnerships, etc.).
- CREATON Poland strategic partnership with a large educational program for roofing school students "Roofer – the profession of the future", led by the Polish Association of Roofers - 91 students with professional training and two school roofing workshops fully equipped with tiles and accessories in 2021 (Poland).

Social involvement in communities

Our teams are involved in initiatives with a strong social impact.

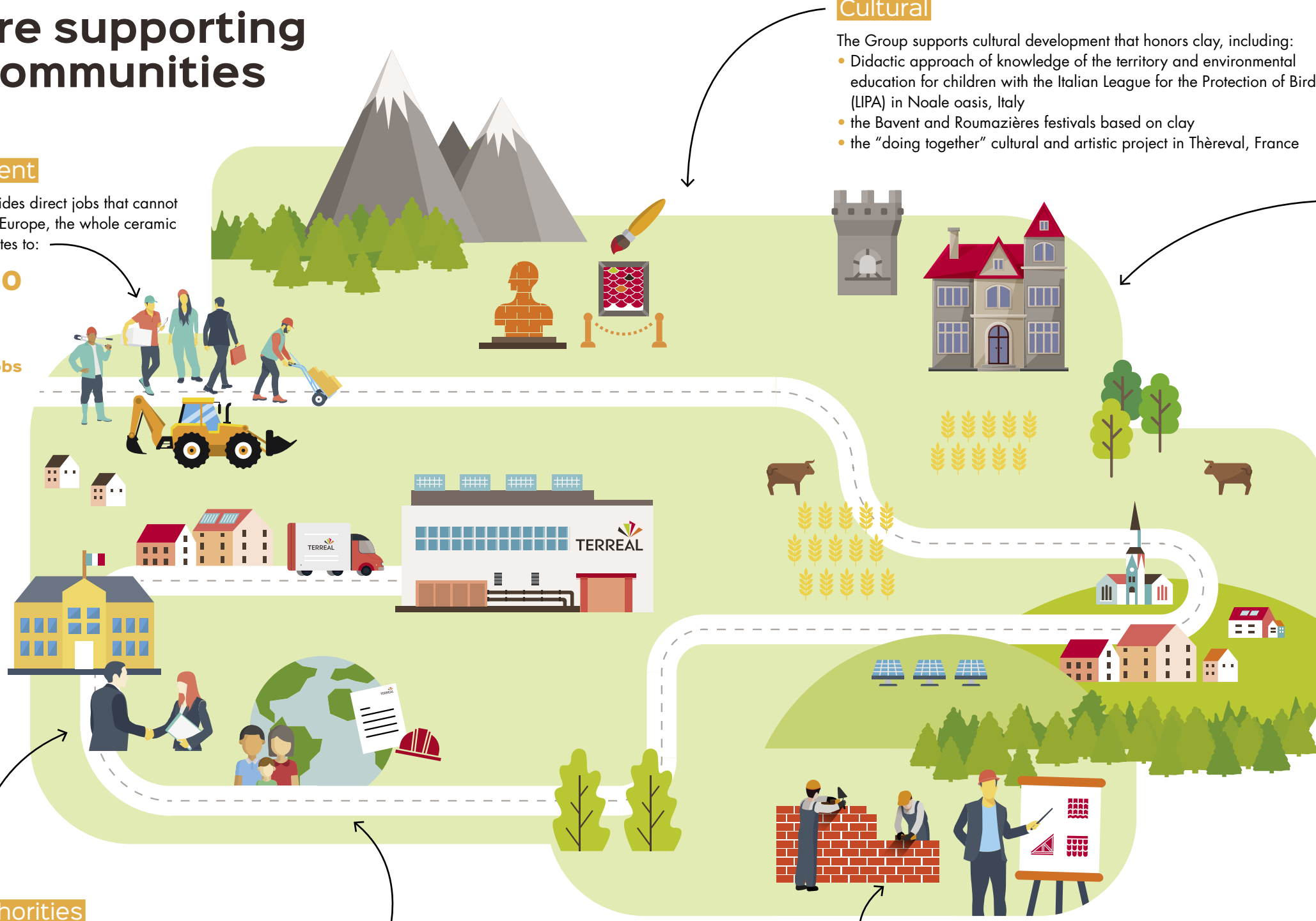
- 12 unemployed people around Lenti (Hungary) received special training on key competencies in the labor market.
- New partnership with Foundation for Appalachia Ohio in Ludowici in the United States in 2021.
- 9 families in Poland received material support as part of "Noble Gift" (one of the largest Polish charity initiatives to provide hope for a better tomorrow) since 2019.

Local authorities

At its heart, our Group is committed to maintaining trustworthy relationships with the local citizens, representatives and governments near its sites.

In France:

- Participation in the Local Consultation and Monitoring Committees (known in French as Comités Locaux de Concertation et de Suivi, or CLCS).
- The Land and Municipalities Club (Club Terre & Communes) which enables local authorities and TERREAL to discuss shared topics.



Developing and protecting our rich heritage

The richness of our landscapes is expressed through their specific architectural characteristics, which shape the identity of the communities. The roof, which is the fifth facade of a building, is a key aspect of it and immediately reflects the architectural style of the region. Interlocking tiles, barrel tiles, plain tiles, there are over 60 models of tile in around 100 colors, to perpetuate local traditions.

Interlocking tiles, barrel tiles, plain tiles; in Europe, there are more than 110 models and almost 200 colors, representing a total of 863 possible combinations to perpetuate local traditions.

Tiles also inspire modern architects to reinvent contemporary roofs and trends and to imagine the roofs of tomorrow.

Architendance clay tile: timeless and inspiring

Tradition and innovation in roofing architecture is the main theme of the CREATON Architect Award in Hungary. This competition was launched in 2013 to place roof tiles center stage as a building material with great capacity to inspire. Every year since then, the competition has honored architecture that makes the most innovative and original use of roofing materials and demonstrates how roof tiles can be both a traditional and modern building material. This competition has provided a platform for outstanding roofing architecture in all its variety.

📍 OROSLÁNY-MAJKPUSZTA, HUNGARY

The 8th edition of the CREATON Architect Award winner in the renovated buildings category

was awarded to Zsuzsanna Máté from The National Heritage Protection and Development Non-profit Ltd. for Camaldolese Hermitage in Oroszlány-Majkpuszta. The winning application was appreciated for its harmonious, balanced restoration of the 18th century hermitage building complex. The uniform appearance of the renovated buildings was ensured by the use of CREATON straight-cut, natural tiles, covering the roofs and fencing walls.

The Terroirs competition, now in its 11th year

Held annually, the Terroirs competition is a key event supporting the preservation of French architectural heritage and the expertise of the country's best roofers. Each year, the competition rewards the 7 finest renovation projects that have made use of our traditional tiles. For six years now, the event has also provided an opportunity to award the Prix de la Maison Paysanne* (Rural Property Prize).

* Prix de la Maison Paysanne: the company SAS Xavier Salles. Roofing in La Chapelle-près-Sées. Awarded in partnership with Maisons Paysannes de France.

📍 TOULOUSE, FRANCE

Sponsorship of Le Printemps de Septembre

In 2021, TERREAL sponsored the association "Le Printemps de Septembre" to build an ephemeral brick pavilion within the Higher Institute of Arts and Design of Toulouse for the 30th edition of the festival "Le Printemps de Septembre" in Toulouse. With a donation of more than 2,300 bricks, TERREAL wished to support cultural and artistic initiatives, as well as to participate in this educational project where specialized students learned in the assembly of the structure. After the event, the bricks were reclaimed by training centers in order to offer a second, educational life to these bricks.

Contributing to the economic, social and cultural development of communities

Our Group is thorough in its mission as a local economic stakeholder and utilizes an extensive educational, social and cultural network. This is why we are putting the economic, social and cultural development of communities at the heart of our CSR strategic plan.

Experts committed to knowledge transfer

On a social and economic level, TERREAL France is a member of the "100 opportunities, 100 jobs" network, which contributes to promoting access to employment for young people living in underprivileged urban areas. In three French locations in 2021, 10 young people were trained, two of whom were given long-term mentoring (personalized follow-up, networking...).

On a social and cultural level, having supported the Compagnons du Devoir et du Tour de France for over eleven years, we promote construction education through a combination of sponsorship initiatives, product donations and the payment of a portion of our statutory apprenticeship tax (taxe d'apprentissage in French) to the relevant training body.

Our Technology and Innovation department promotes research in the Grandes Écoles and universities involved in developing the products and solutions of the future. In 2015, two patents were filed with ENSAL (the National School of Architecture in Lyon) and AIA Ingénierie in the wake of the "Innovover pour une Architecture Vertueuse" ("Innovating for Virtuous Architecture") Masters. In 2019, these collaborations enabled the publication of one patent and two theses. In 2021, new research on "Site lands" was launched with ENSAL Lyon students. The aim was to reduce the environmental impact of worksites by reusing excavated soil and optimizing the management of spoils in short circuit.

Three experts from our French customer service department have been training young people throughout the year in the techniques and expertise of roofers and masons. These transfers of skills and products to French CFAs, Compagnons, AFPA, Trades Olympics, etc., place value on professional training and excellence. Furthermore, in 2021, more than 8,700 tiles and bricks were donated to training centers (Trades Olympics and to the CFAs).

INITIATIVES

The Ludowici teams get involved for their community (United States)

For several years, the teams of our American entity have been committed to helping the most disadvantaged families in Perry County: "warm clothing" drives, food donations, binders for school, etc. Launched in 2020, the Ludowici Community Foundation sponsored the Ohio Federal Program to improve literacy and access to education for children up to the age of five. At present, over 1,000 children in Perry County receive a free book to their homes, every month.



CREATON Training Academy is an important educational initiative geared towards roofers, carpenters, technicians, builders and engineers. It was created in 2012 in Poland for the sake of full satisfaction and safety of the users of our roofs and facades.

The Academy prepares specialists trained in the modern techniques and expertise of roofers by organizing up to 50 training sessions annually for 400-600 contractors. A total of over 6,000 Polish specialists have been trained since the beginning of this project.

INITIATIVES

"Heimatchdach" campaign - CREATON Germany positive contribution to social and cultural development of regions in which the company operates

The Heimatchdach initiative supports CREATON's social commitment and gives installers and private builders the opportunity to do something positive in their region. The campaign takes place on Instagram. Target groups have the opportunity to win €1000 for a non-profit organization. The "Heimatchdach" initiative started in April 2021. Since then, two winners have been drawn. With the money, they decided to support a local youth soccer tournament and parents' initiative that is committed to redesigning local playgrounds.

INITIATIVES

Act of solidarity by CREATON South-East Europe and its employees with earthquake victims in Croatia

A magnitude 6.4 earthquake struck Croatia at midday on 29 December 2020, the strongest earthquake to hit Croatia in more than 140 years. The worst-affected areas were the towns of Petrinja, Sisak and Glina. Several people lost their lives, hundreds of people were displaced, and many houses and buildings were damaged. A total of 2,730 residential buildings were destroyed. Following the urgent call for help right after the earthquake in January 2021, CREATON sales representatives leapt into action to provide help to those who had been affected. They visited the most severely hit sites and worked with the local community of roofers and the local authorities to support the urgent repair and reconstruction of buildings that had been damaged. As a result, 71,000 pcs of clay roof tiles, equivalent to 2,000 m² of roof, were provided, free of charge, to those who needed it the most.

Engaging with our stakeholders

Our clay extraction and product manufacturing activities can have an impact on the environment near our sites. Because of this, we are committed to building and maintaining trusting relationships with local stakeholders to ensure the long-term sustainability of our activities. The quality of engagement depends as much on our ability to communicate about our projects as it does on paying close attention to local expectations and issues.

The Local Consultation and Monitoring Committees

Above and beyond any regulatory requirement, TERREAL France has established Local Consultation and Monitoring Committees (known in French as *Comités Locaux de Concertation et de Suivi* or CLCS). These annual or multi-annual events are open to elected representatives, local authorities, the DREAL (Regional Directorate for the Environment, Planning and Housing), associations and local residents. They are an opportunity to share our company's news, discuss our results and learn about our forecasts for the years to come.

The aim of the CLCS is also to prevent misunderstandings and respond to disturbances caused by our activities by putting in place remedial measures, as illustrated by the CLCS in Roumazières and Colomiers, which helped to provide solutions to the inconvenience caused by quarry work (planting of vegetation to reduce noise pollution, cleaning of trucks' wheels when exiting the quarry to maintain road cleanliness).

"Terre & Communes" Meetings

These events – which TERREAL France has held every other year since 2011 – are aimed at elected representatives in the municipalities in which TERREAL France operates.

Their purpose is to build relationships and to foster an environment conducive to developing projects with mayors and elected representatives in areas where we play a key role in the local economy. The meetings are an opportunity to take stock of TERREAL's engagement as a partner to the public sector, highlighting the investments needed to protect the environment or sustainable city projects to be implemented. In 2021, the theme of the meeting was "Decarbonization" and "Energy Transition", and the event took place in Colomiers.

INITIATIVE

Terre & Art: an extraordinary artist-in-residence program at our Bavent plant

By inviting the plastic artist Blandine Brière into our tile plant at Bavent, TERREAL entered into a somewhat unusual artistic patronage initiative, the aim of which is to produce an encounter between the work of an artist and that of our employees. The idea? To shift the focus to the daily work in the plant, bring art into the industrial environment and restore employees' pride in their profession.

The participatory nature of the "Terre & Art" project caused Blandine Brière to become totally immersed in the daily life of the plant. The outcome of the collaboration, which lasted nearly seven months, was "Dessous", a monumental clay sound sculpture. Twelve volunteers drawn from the thirty employees involved in the project lent their voices to the performance of a sound composition reflecting their work environment.

Carried out in 2017, the project was made possible thanks to the partnership between TERREAL, the 2 angles cultural center and La Fabrique Apefim. It was also supported by a roofing client, who helped with the wholly unprecedented installation of the sculpture.



Terre & Communes, Colomiers, 2021

- III -

LAND OF PEOPLE

As we are committed to the transmission and sharing of common values, People are at the very heart of our concerns. Our employees are our primary asset and we act daily to guarantee them a suitable and healthy working environment.

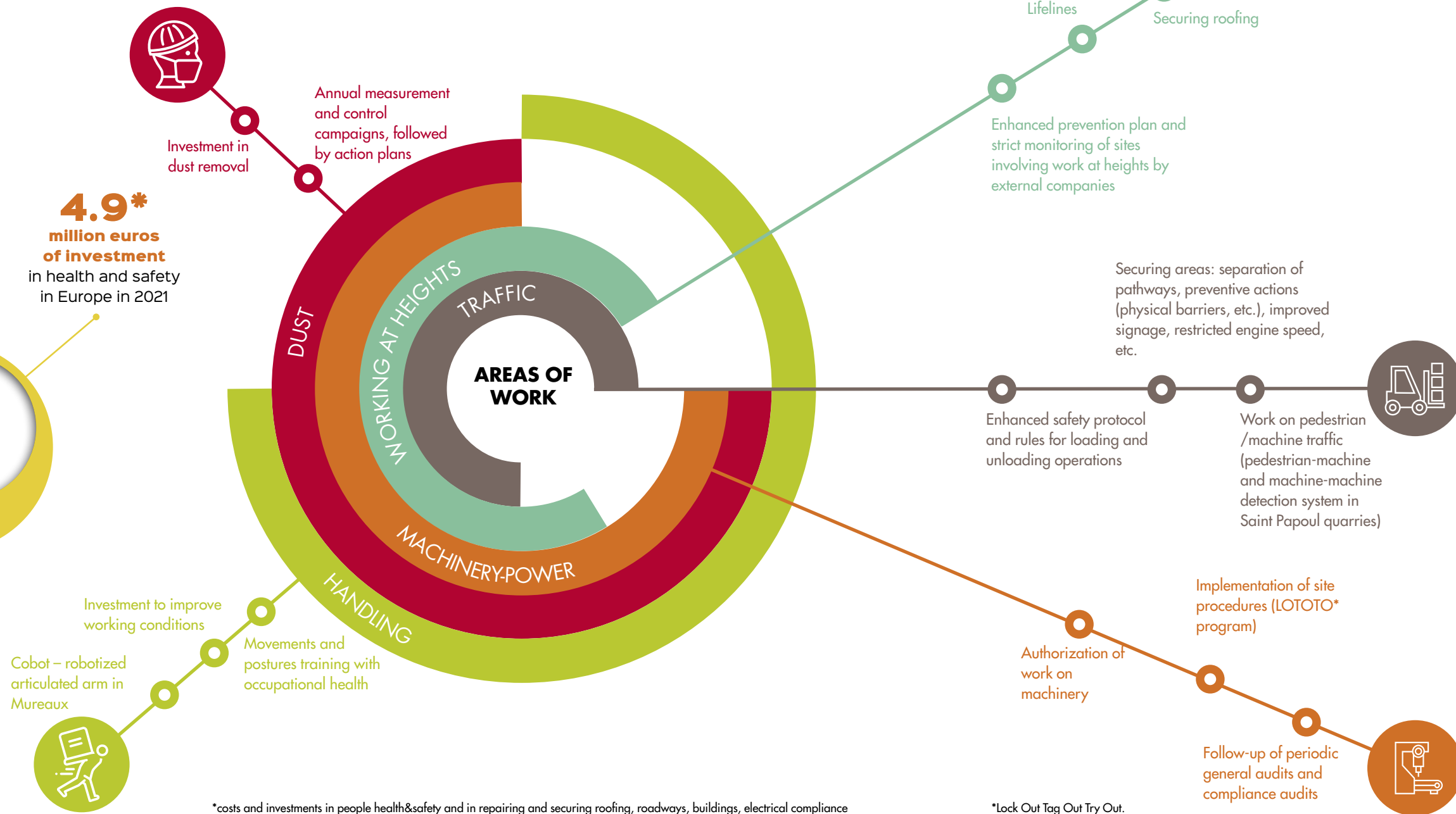


Ensuring everyone's health and safety

In our Group, the health and safety of our employees, contractors and visitors is our first priority. Guaranteeing their integrity so they can all go home safe and sound at the end of their work day or shift is essential. All our daily processes and behaviors take this imperative into account.

Our commitment to health and safety is formally enshrined in the Group's Safety Policy and is based on 2 strong values:

- 1** There is nothing more important than human life.
- 2** The men and women who work for the Group are our primary asset.



Prevention

Prevention, raising awareness and training remain key levers for fostering a culture of safety among all Group employees.

Inter-plant safety challenge

renewed in France: more than 3,500 risk situations identified (+17% compared to 2020), with 88% dealt with. In Poland, Germany and Hungary, the same initiative is in place with more than 3,700 potentially risky situations identified, with 95% of these rectified. Reporting and preventive treatment of risk situations are opportunities to improve the safety of our sites.

12,400 Safety Conversations*

led by team leaders for employees, subcontractors and our sites' visitors in 2021. (In France: 2,900 managerial safety visits and 4,600 Safety Quarter-Hours)

More than 20,000 work authorizations per year in France

Training on road safety, particularly for sales representatives. Sales representatives spend an average of 3 hours at the wheel every day and travel over 50,000 km per year.

35,375 training hours dedicated to health and safety issues in 2021

Safety week in France with workshops on well-being (vigilance, nutrition, sleep...): **75% of participation rate**

*including Safety Quarter-Hours ("QHS"), Managerial Safety Visits ("VMS"), 5-minute talks

Ensuring everyone's health and safety

Health and safety of our employees, and of visitors and external workers on our sites, remains the Group's top priority. At the instigation of its CEO Laurent Musy, our Group has taken action to improve safety in our workplaces to reduce the Group TRIR to below 3 by 2021. This ambitious target has led to investment with a view to ensuring plant safety, while improving prevention measures and training for employees. Our focus is on two main objectives: the reduction of major risks in plants and changing safety behaviors.

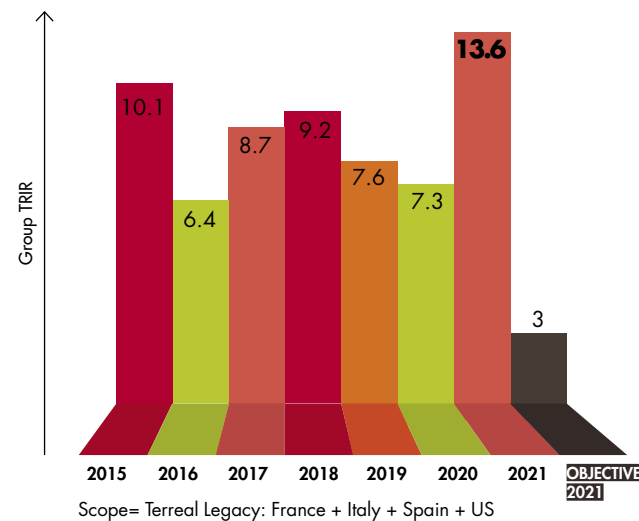
Reinforcing the safety culture

80% of workplace accidents are thought to result from behavior and can be explained by individual, interpersonal, managerial or organizational factors. Based on this evidence, prevention, awareness-raising and training remain key levers for fostering a culture of safety among all Group employees.

In recent years, our Group has put increasing emphasis on prevention on the ground by relying on various initiatives:

- 12,400 Safety Conversations, Safety Quarter-Hours and Management Safety Visits in 2021;
- In France, the launch of "Roles and Responsibilities" and "Manager Leadership" training sessions so that safety stakeholders know how to perform their roles on an individual and group basis;
- Regular H&S training for workforce: 35,375 training hours in 2021.

As a continuation of the actions conducted in plants, the commercial divisions and the other entities within the Group have also adopted safety programs focused mainly on road safety risks.



There are many reasons for our 2021 result:

To answer peak demand, we had to open new lines and increase speed, but a lot of maintenance work was necessary. In addition, we also had to recruit new operators, who were less well-trained in their daily job and on all safety procedures. As a result, employees faced increased pressure to achieve output, and with equipment which required additional maintenance. Also, due to structural problems and COVID-19, there were employee absenteeism, psychological load and lack of technical competencies.

An action plan had been set to strengthen the safety manager's presence, to increase leadership and to build qualitative analysis. In addition, we launched a global safety audit in France.

The Poland, Hungary and Germany plants have a TRIR at 10.7. We are currently working on best practices sharing regarding investments and behavioral management tools to improve our global performance.

All our plants in Poland, Germany, Hungary and two plants out of three in Italy are certified ISO 45 001 & OH18001 – Health & Safety Management.



#best in class: Olkusz, a concrete tiles production plant in Poland, achieved an extraordinary result. January 13, 2022, there were 5,000 days without an accident!

This outstanding performance is the result of employees engagement and awareness. Employees feel personally responsible for their own safety, and that of their colleagues, at work. These workplace safety principles also apply to external service providers and visitors to the plant. For more than 13.5 years, the Olkusz team has worked tirelessly, day in and day out, to improve safety and demonstrate a strong commitment to a "zero accident" approach.

Fighting against 3 major risks

Working at heights, work on machinery and pedestrian/machine traffic have been the focus of numerous initiatives designed to reduce these potentially serious risks in our sector of activity.

Working at heights

Working at heights – the second most common cause of fatal accidents in France – covers any work above the ground, from the use of ladder to working on a roof. At every plant, we made investments to put in place safe means of access and a system of prevention to manage work at heights.

Work on machinery

A number of measures have been taken to ensure installations are compliant. The Lockout/Tagout procedure for equipment being worked on has also been strengthened. Finally, in France for example, the Work Authorization system aims to ensure correct preparation prior to work being carried out.

Pedestrian/machine traffic

With respect to this risk, the focus of our efforts has been on ensuring the safety of traffic across all sites through the installation of protective measures, signage and measures to improve visibility.



"Ensuring a safe and secure environment for our employees, contractors and visitors is my highest priority. In our industry, safety leaves no room for compromise. I believe that most work-related accidents are avoidable. The sense of personal responsibility for safety issues among our employees plays a key role. As a result, I place an emphasis on prevention, raising safety awareness and training our workforce in my daily work. The '5-minute safety talk' practice, for example, is a short conversation for members of a work crew before work begins about current safety issues. This practice makes employees more safety-conscious and more vigilant at work."

Katarzyna Wojcieszak, Health, Safety and Environmental Manager in Poland

Developing skills

In a context of increasing competition and technical and technological changes, our Group is committed to developing human capital. To boost the skills and employability of its employees, training programs leading to certification or a qualification have been introduced. These measures are aimed at the strengthening and long-term consolidation of know-how, whether from a technical or managerial point of view.

In 2021, at the Group level, we spent **19,254 hours**

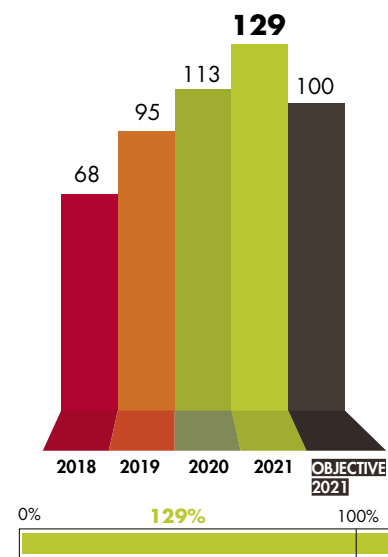
on our employees training to provide new relevant knowledge and qualifications (management, technical, maintaining qualifications ...)

Our philosophy is to provide training in new techniques and perpetuate know-how

Our know-how is invaluable and we need to encourage its transmission to secure the future of our company. Our Group encourages all employees to train daily to advance their skills. Our expert employees share their knowledge and discuss best practices on specific themes, such as quarries, processes, power, etc. TERREAL promotes social dialogue and therefore signed in 2021, with French unions, an agreement dedicated to competencies and employment development. It includes knowledge sharing, on-the-job trainings, management school, enhancement of technical certification, etc.

We decided to move towards qualified and certified training programs, which are a guarantee of quality and employability. During this period, we achieved our goal mainly by increasing the number of training courses for continuous improvement of projects and business performance.

2021 OBJECTIVE
100
people from TERREAL holding qualifications or certificates for their technical or managerial skills



Number of Group employees receiving qualifications/certificates per year
(cumulative total since 2016)

Certification training courses: the example of the CQP

Four training courses tailored specifically to our trades lead to a professional qualification certificate (known as a CQP). 117 TERREAL employees have obtained qualifications since the launch of these programs recognized by the Fédération Française des Tuiles et Briques (French Federation of Tile and Brick Manufacturers).

The Management School

This comprehensive, 9-month professional training pathway forms part of our continuous development process, enabling site workers and technicians to become the supervisors of the future by teaching them the fundamentals of management and project management.

FOCUS ON 4 key elements
to achieve our strategic KPI...

Green Belt Training Courses

are designed for those leading improvement projects that fall under our "BoosTER" operational excellence program. The certificate awarded to those who completed the course is recognized in the "World Class Manufacturing" industrial sector and helps to enhance their employability. In 2021, 16 employees achieved "Green Belt" certification.

The "Business Performance" training course

Developed in partnership with NEOMA Business School, this course is aimed at our sales representatives, enabling them to acquire method and practice (in terms of both marketing and business negotiation) to better understand and analyze their sector. This training makes it possible to obtain two certificates within the framework of a qualification with a level equivalent to +4 years of higher education. The training scheme for sales representatives was enhanced in 2020 by the launch of the "Booster Academy". An ambitious program to support teams toward business excellence.

Focus on work-study program

Particular attention was paid to the employment and training of young people. For example, we have forged partnerships with training organizations for technical professions located near our plants. Across the Group, with around 3% of employees on work-study programs in 2021, we are committed to taking an active approach to promoting the employability of young people and increasing apprenticeship and professional training opportunities geared towards permanent jobs. In France, with 54 apprentices in 2021, we increased our percentage by 25% in one year. In Germany, we actively participate in the apprenticeship system by allowing young people to obtain qualifications for specific professions in our company. In 2021, 21 apprentices were part of our teams and gained new knowledge and competencies. CREATON Germany joins also the apprenticeship system "Deutschland baut!" which aim to increase the attractiveness of our industry. During 18 months, in 3 companies, graduates can have first-hand experience of the diverse range of tasks and challenges in quality, material, price management or photovoltaic ...



Award of Green Belt qualifications in 2021

Qualification offensive in Autenried (Germany)

In 2021, our German plant in Autenried launched a qualification offensive to guarantee a high level of competence and flexibility in production. 32 plant's employees were trained to master 3 workplaces within production. The program met the development expectations of employees and ensured an efficient, continuous and safe production process.

Promoting diversity and equality

Ensuring diversity and equality in the workplace lies at the heart of our human resources policy. Whether they take the form of collective agreements or commitments to partners and associations, our initiatives demonstrate our commitment to these drivers of transformation and progress.



Diversity and commitment to solidarity

Workers with disabilities

Our Group is committed to combating all forms of discrimination by promoting the integration and retention of people with disabilities. In 2021, 3.4% of our employees were people with recognized disabilities. Every year we are committed to improving our actions to promote diversity. If we focus on France, the rate was at 5.9* compared to 3.5%** on average nationally in the industrial sector. Wherever possible, we work with local stakeholders (Capemploi, local Agefiph branch) on adapting the workstations of our employees with recognized disabilities. In France in 2020, an extensive audit program was carried out in all our plants in France, in partnership with Agefiph. It allowed us to draw up a precise inventory of the professional integration of disabled people at TERREAL and to implement a local action plan that is specific and adapted to each site. Presented to social partners in 2021, the program is scheduled to take effect in 2022.

*Estimate as of March 2021, figure to be confirmed definitively at the end of May 2021.

**Agefiph estimate as at the end of 2018 of the national direct employment rate among beneficiaries of the obligation to employ persons with disabilities.

Leave entitlement transfers

By law, TERREAL employees are entitled to transfer part of their leave entitlement to a colleague who has a seriously ill child or partner and the company has added a matching contribution mechanism.

Inclusion in Duoday in France

During the 2021 Duoday* open day, we welcomed 4 people with disabilities to enable them to discover the transport, environment & safety, human resources and CSR professions. It was an experience rich in meaning, ensuring that prejudices were overcome and to make ever greater progress in the fight against discrimination.

*Awareness-raising experience that offers immersion in a company and the sharing of experiences between persons with disabilities and professionals.

Professional gender equality

Committed to increasing the proportion of women in the industrial sector and its business lines, our Group is implementing a number of initiatives and promoting discussion on this issue. For years now, we have been committed to promoting equality and reducing professional gender inequality.

In 2021, the professional gender equality index in France was 87, the same level as in 2019 and 2020. TERREAL France obtained the highest score on 3 out of 5 indicators: individual pay-rise gap (20/20), promotions gap (15/15) and percentage of female employees receiving a pay rise after returning from maternity leave (15/15). Like most companies in our sector, TERREAL still needs to make progress on the number of women in the top 10 earners (0/10) and on the indicator measuring the pay gap (37/40). Our actions are beginning to bring about results; we observed an improvement in the pay gap in 2021 compared to 2020.

In 2019 TERREAL France signed a new agreement, structured around the gender equity objectives (Pénicaud index), to guarantee gender equality and quality of life at work. We have introduced the right to disconnect, which reaffirms the proper professional use of digital tools to ensure a work-life balance. Also in 2019, a sexual harassment and sexist action representative was appointed at Group level, to supplement the local representatives present on all sites. In 2020, representatives and HR managers were trained on this issue in order to share a common knowledge base. Nowadays, no referral requested.

Quality of social dialog

The quality of social dialog is a key factor for quality of life in the workplace and employee engagement. TERREAL France has signed a central CSE agreement with all trade union organizations.

Our ambition? Improving dialog quality, in particular by providing more resources:

- introduction of preparatory meetings,
- provision of IT tools for the secretary of the central Social and Economic Committee (CSE),
- payment of mission expenses for experts (boards of elected representatives).

In 2021, 4 agreements have been signed with French employee representatives: remuneration, working time and sharing of added value, home office, competencies and employment management and profit-sharing.

Elles bougent

In late 2019, TERREAL France signed a partnership agreement with the association Elles Bougent to promote scientific and technical professions to young girls and women and thus break down stereotypes about industrial jobs. Throughout the year, our mentors have been mobilized during forums dedicated to orientation, open days in the Colomiers plant during Industry Week, meetings in colleges and high schools. In regions, our mentors were active within the "Crossroads of Women's Careers" (Carrefour des Carrières au Féminin) network.

"It's not because you are a woman that you cannot work in the industry! I am also an Elles Bougent mentor for this message. I am a good example that you can be successful as a woman, even on a production site. I started as an apprentice 8 years ago and today I am passionate about my work and recognized in my technical work. I have never felt devalued on a daily basis; it is surely more a question of individual abilities than being a woman. At the Rieusseque plant, more and more women have jobs with responsibilities. Here, the management positions are at parity!"

Marine Bruzi,

Process and Product Development Manager at Rieusseque plant and a mentor within the Elles Bougent association



25%

of production staff in the Widziszewo plant (Poland) are women.

– IV –

LAND OF INNOVATION

Collectively, buildings in the EU are responsible for 40% of energy consumption and 36% of greenhouse gas emissions, which mainly stem from construction, usage, renovation and demolition. At the dawn of the 21st century, housing is at the heart of major transformations. As part of its corporate mission, we contribute to the development of healthy and sustainable housing.

Meeting the expectations of society and customers while being proactive in its innovations is the *leitmotiv* of our Group. Maintaining sustainable, transparent and ethical relationships with all our stakeholders and listening to and supporting our customers enables us to continue to move forward and anticipate society's expectations and changes.

Our major areas of responsible innovation

Developing ranges of products and services that:

- contribute to improving energy efficiency and reducing the carbon impact of houses;
- allow the preservation of the identity and heritage of our regions;
- allow our customers to work safely and protect their health.

We also pay a lot of attention to the life cycle of our products and associated innovations.



Ecodesign as standard

As a commitment from our first CSR strategic plan, TERREAL France applies a checklist including multiple CSR eco-design criteria to any product development or evolution, both in France and internationally.

This approach results in us identifying the impacts of the product, from design to disposal and recycling:

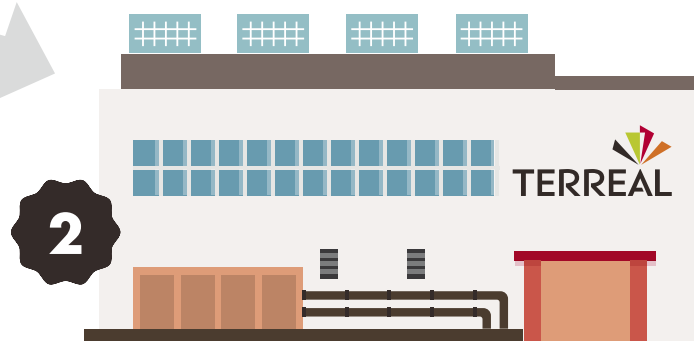
- we investigate the performance of our procedures;
- impact on the environment;
- benefits for the building and installers;
- working conditions and quality of relationships with our suppliers.



1 Extraction of raw materials

88% of our quarries in France, Italy and the US with a life cycle plan

Actions to promote the protection of biodiversity



2 Manufacturing process

5 million tiles fired per year using biomethane

Plants equipped with solar panels

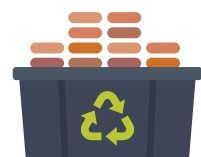
10% recycled material* in the composition of the bricks from Noale (Italy)
*From inert ceramic waste.

End of building life waste

94% solar panel recycling rate

95% tile recycling rate

Reuse for base layers of roads, pathways, tennis courts, floors and landscaping.



5 Elimination/recycling

Towards zero site waste

-60% -70% plastic

The new banding of our pallets weighs 300 grams, compared to 1 kg of plastic for traditional wrapping.

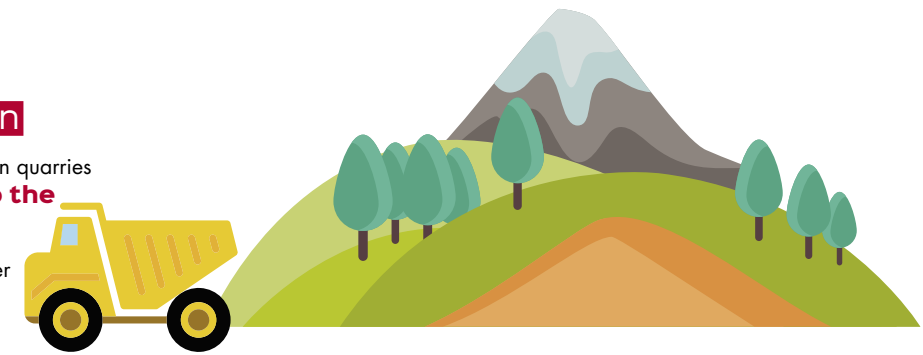
Elimination of single-use pallets for reusable ones: for example, the French **ECOPAL** program for pallets sent: avoiding **6,200 tonnes of CO₂** and the destruction of **10,000 m³ of wood**.

3

Transport and distribution

Production sites located close to the extraction quarries to **limit the transport** of materials to the **greatest extent possible**.

Plants are located at the heart of our customer catchment areas to ensure our **territorial coverage is eco-efficient**.



4 Implementation/use

340,000 m² of solar panels installed using our mounting systems in Europe in 2021

Product weight reduction

The Calibric R+ brick is the lightest of its category on the market, in kg per m² of wall

Cradle to Cradle Silver certification for Motio Facade Brick (CREATON Germany)

Product certification

- NF: bricks and tiles
- QB: screens, closers and bricks
- Technical notices
- AQC green list: solar panels

Useful life: **100 years**

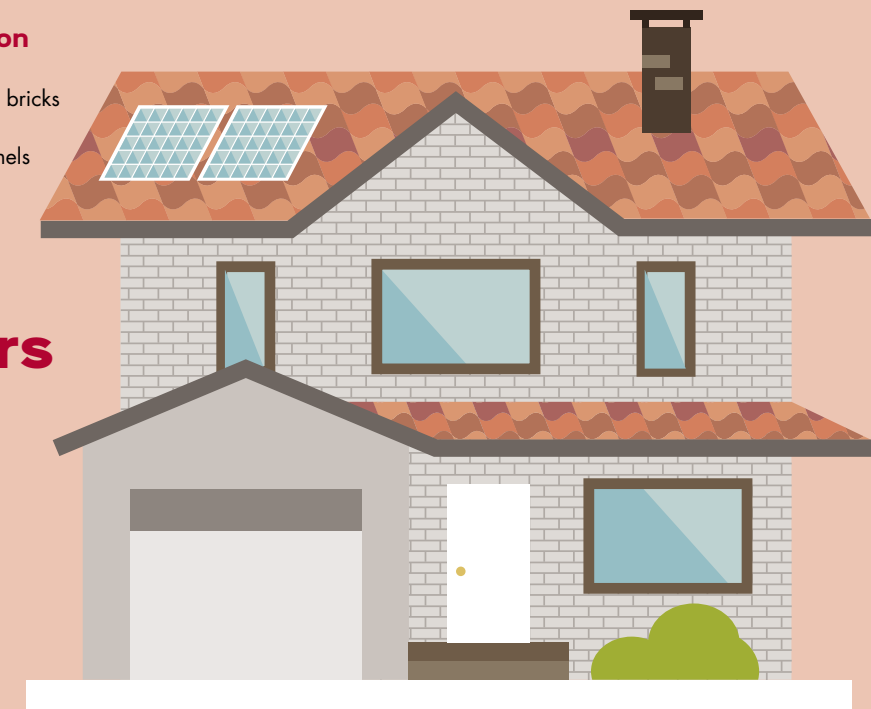
On-site monitoring to work safely, as well as for implementation quality

Ergonomic packaging (small parcels) for the health of installers

0% of VOCs (Volatile Organic Compounds)

Energy efficiency product range

- Insulation: Sarking
- Heat recovery: Laheroof
- Structure: Calibric range and thermal slip bricks
- Solar: the only certified on-roof solar offer on the market



Supporting our customers throughout the entire value chain

In all our relationships, from suppliers to customers, we place high demands on fair practices and the pursuit of responsible relationships.



Information on regulatory developments

(meetings, technical mornings, email campaigns, etc.)

INSTALLERS

Sharing knowledge

CREATON Future Day organized in Germany:

- 10 lectures from experts on current issues related to the roofing industry with a focus on digitization, recruitment, climate change and megatrends
- Around 200 participants – roofers and installers from all over Germany

Training

Through the Technical and Customer Support Service, we support our customers in developing further skills

323 installation support training sessions in solar products in 2021

104 businesses trained on the Califix construction system in 2021

271 training visits on construction sites with roofers and distributors as a part of the “Summer with CREATON” action in Poland in 2021

Raising awareness

- Of customers regarding health and safety risks
- In France, Environmental Product Declaration. Our individual or collective EPD are more favorable compared to ministerial default data (2 times for tiles, 3 times for Calibric)

Business services and support

- To make work sites safer, drones are used to take shots of roofs
- To facilitate the administrative aspect of the commercial relationship, we have dedicated websites and online quotation

After-sales service

Request processing, traceability and response time tracking

DISTRIBUTORS AND INFLUENCERS

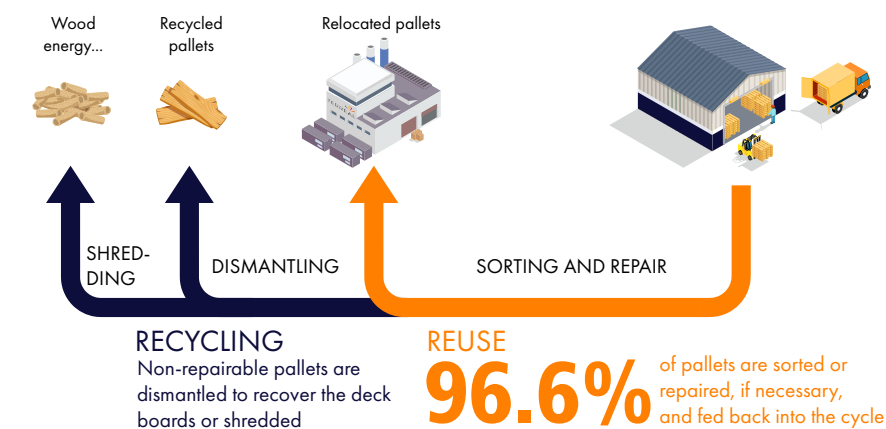
Sales service

- Regional sales representatives and sales representatives specializing in individual areas of activity.
- Strong territorial coverage.

New technologies in use

French digital application “Mon Toit Terreal”. Visualize the roof with modeling and augmented reality to provide a highly accurate simulation of the roofing project. A hundred possible combinations!

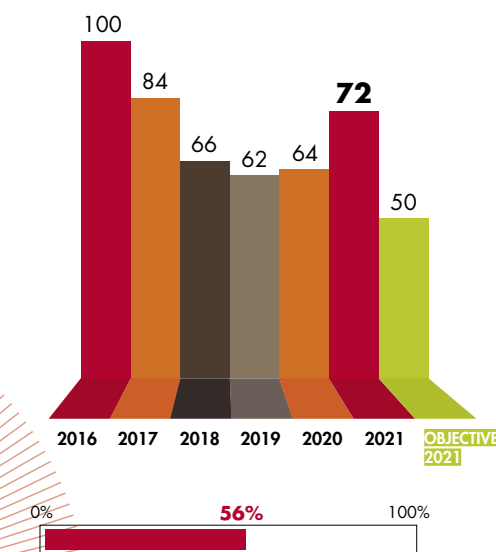
LIFE CYCLE OF YOUR FRENCH PALLETS



Improving quality and customer satisfaction

In a very competitive market, and faced with increasingly sophisticated demand, we need to be able to tailor our approach to Quality, as customer satisfaction depends more than ever on supplying solutions that meet all their expectations. Fully aware of the scale of this challenge, our company is committed to an ambitious target: to halve its customer complaints* by 2021.

Number of customer complaints > 100 euro (base 100, 2016, France)



2021 OBJECTIVE
- 50%
in customer complaints*

From 2015 – 2021, we saw an improvement of our KPI thanks to better measures, control, monitoring and the preventive action plan. In 2021, we observed that the tools and procedures utilized to keep customer expectations at the heart of our preoccupations were maintainable by teams.

Our 2021 result is mainly explained, as for safety and CO2, by the volume effect due to high demand and production pressure (more speed, factory shutdown reduction, open kiln...). Apart from our quality indicator, we were conscious that we were generating customer dissatisfaction in 2021. Since the COVID-19 crisis, the market has been consistently dynamic. Unexpected high demand, combined with a worldwide shortage of raw material, created pressure. We responded by adapting our methods and procedures. On the industrial side in France, we increased our production by 14%. On the commercial side, we intensified contact points with new tools allowing quicker communication between sales representatives – customer services – production sites.

*Where compensation is higher than 100 euros.

Customer satisfaction, an indicator of our performance and a tool to drive improvement

Customer satisfaction measurement is a key indicator of our performance. Our approach is based on assessments of products and services carried out at various stages of the life cycle of our solutions.

- The “ongoing” survey provides us with information on the quality of how a product responds and on any worthwhile improvements that could be made to it. It is now offered to all fitters at the end of the training course devoted to the Califix construction system and is due to be rolled out to the solar business.
- The one-off “technical” survey asks for our customers’ views on the evolution of a product or solution using a detailed questionnaire.
- Customer surveys on issues such as brand image, quality, attentiveness to customers, technical expertise, technical and commercial support, innovation, ecological aspects, etc. In 2021, due to COVID-19 and difficult market conditions, we did not conduct a survey.

Towards a new quality control model

Using a rigorous and proactive Quality system, our Group is aiming to become better at listening to its customers, reduce dissatisfaction and consolidate production control. The development of a common operating procedure enables us to focus our efforts on three priorities:



Improving how we measure complaints

by implementing shared and specially adapted tools and procedures. The objective? To spread best practice in order to better identify, document and record our customers’ complaints.



Reducing quality deficiencies

by identifying the causes of complaints, and then eliminating them through corrective and preventive actions, particularly in the area of manufacturing processes.



Preventing quality deficiencies

by identifying all customer specifications (using the Cartes d’Identité Produit, or Product Identity Cards), and then controlling and monitoring the critical parameters of the process (or product) associated with these specifications.

In order to facilitate the integration of Quality commitments, every TERREAL site relies on the Quality Policy published in 2018, supported by quality standards and a detailed road map. An improved and more detailed Quality Management System is currently in development. Our plants in Italy, Germany and Hungary are all ISO 90 001- certified.



Roofers and installers, partners in our product development

For the past two years, our French Research & Innovation Department (“CRED”) developed partnerships with external experts, whose aim, explains Philippe Malé, Head of the Products & Systems Division at TERREAL, is «to integrate their experience and knowledge of customer needs at the beginning of new product developments to answer, as effectively as possible, to their professional expectations». The goal? Co-construct the evaluation of innovative products (maneuverability, ease of use, efficiency), product certification, training, etc.

Training, informing and supporting our customers

Whether they be roofers, cladders, masons or individual house builders, today's construction professionals are having to provide ever more technical solutions, requiring a higher level of skill. Convinced of the need for specific support, our company has organizational departments dedicated to training, on-site support and information, the Technical and Customer Support Service.

Cross-functional support

Always attentive to our customers, this service has brought together specialists from all trades to work within the same team. With a skill base covering all of our markets, our experts focus on attentiveness, responsiveness and on-the-ground training.

Inform, certify, prevent

Our Group is committed to transparency, making all data relating to its products accessible. Product performance complies with the most stringent certifications and ensures compliance with national, European and international standards (NF standards, CE markings, etc.). The majority of our products are also subject to an environmental product declaration (EPD). In France, our products, under individual or collective EPD, are more favorable compared to ministerial default data (2 times for tiles and 3 times for Calibric).

A benchmark of quality and reliability, a large proportion of our products are also ATec/ATEX or QB (quality for building) certified by the French Scientific and Technical Center for Building. Our commitment also focuses on customer prevention, which involves providing safety recommendations for our solar products at the project planning stage. The aim is to roll out this good practice to all areas, particularly structural works.

Developing training across the board

Through its Technical and Customer Support Service, our Group supports its customers in developing further skills. The training courses we provide on implementation lead to qualifications. For example, the modules devoted to solar products (Solar Roof Offer) and to the Califix construction system (in France), for which certification is awarded upon completion. We also holds technical information sessions aimed at developers and builders, in addition to traders.

Maintaining responsible relationships with our suppliers and complying with fair practices

A responsible purchasing policy

Our Group strives to build sustainable relationships with its suppliers, a commitment that benefits everyone since it also contributes to the development of partnerships while promoting the sharing of expertise. It is also a way of fostering sustainable relationships, with positive impacts in terms of quality, total cost and the environment. Since 2018, TERREAL France has carried out audits on its suppliers, focusing in particular on the ethical, social and environmental aspects of their business. More than a desire, it's a practical reality at TERREAL. For example, in 2020, during a call for tenders for electrical energy. We rejected a supplier that did not comply with our responsible purchasing policy, particularly with regard to business ethics and the environmental footprint of its energy mix. This supplier uses coal-fired power stations to produce electricity.

Ethics in practice!

Compliance means enabling each employee to contribute to the economic development of the Group within an ethical framework that respects the laws and our core values, and ensuring that the same is true for all parties with whom we interact.

To instil this confidence, the Group adopted a Code of Conduct in 2019 and wrote procedures in 2020. 2021 was therefore the year to deepen and expand CREATON entities. Procedures for Gifts/International Sanctions/Sponsorship/Personal Data... of TERREAL and CREATON perimeters were first harmonized. Thus, no uncertainty, the reflexes to adopt are the same across the Group, only languages or certain local legal specificities differ. Group managers, as well as non-managers concerned by these subjects, were then trained in order to learn how to master these concepts on a daily basis. During the course, learners took on the role of an inspector in charge of investigating situations that they might encounter in the course of their work. The unanimous reception was enthusiastic, a "really great concept and format!" Some have also followed an e-learning course dealing with Personal Data. In total, this represents 1,826 training sessions.



INITIATIVE

Training roofers in solar activities

For eight years now, TERREAL France has been training roofers in the installation of photovoltaic panels. In order to support the increase in skills of roofing professionals, in 2020 TERREAL France signed a partnership agreement with the CERER training organization to provide training comprising theoretical and practical modules leading to "QualiPV" qualifications. On completion of the training, the professional receives a QualiPV technical certificate from Quali'EnR, a renewable energy certification body.

CREATON Germany also provides on-site support and training for the roofers in the first installation of photovoltaic panels: 85 solar products, installation support and training, and around 250 people trained in 2021.

"Compliance is not tables of the law to be applied, but a philosophy of working well together; to promote economic development responsibly. A very modern concept!"

Roxane Roger-Deneuve, Compliance Manager



DEMAIN TOUS SOLAIRE

LET'S MAKE TOMORROW SOLAR

TERREAL leader in residential solar PV installations in France
GSE Intégration leader in in-roof integration in Europe

THE TERREAL OFFER

Enabling hyper-localized green energy production by supporting our long-standing customers through the energy shift



French expertise: local assembly in Tarn
- kits are on the green list
- associated PEP [Product Environmental Profile] file (low-carbon panels compared to the reference value)



PARTIES ORDERING THE CONSTRUCTION

Builders / Developers / Project owners / Consultancy firms, etc.

Helping builders to design, advise and sell to their own customers
Presentation of the offer to more than:

1,000 builders, of whom **80%** have a favorable opinion

RETAIL



Enabling hyper-localized virtuous energy production that is environmentally friendly and esthetically pleasing

- 1 Self-generated energy
- 2 Self-consumption of 30-50% of electricity used
- 3 Resale of surplus electricity produced
- 4 Storage to increase the level of self-consumption

1 TERREAL technical department dedicated to solar activities

70 sales representatives trained in solar activities

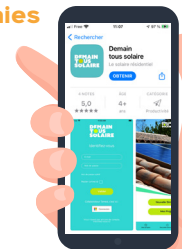
8 specialist representatives

"Demain Tous Solaire" digital application

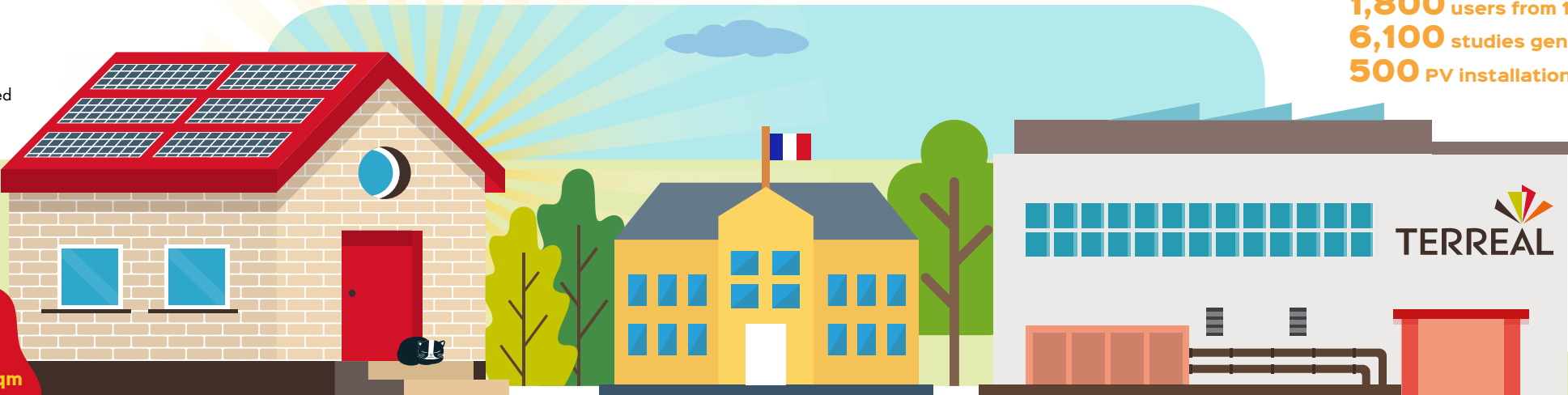
1,800 users from 1,100 companies

6,100 studies generated

500 PV installations



340,000 sqm of solar panels installed using our mounting systems in 2021 for our Group in Europe



94.7% of solar panel components are recyclable



TERREAL, SUPPORTING OUR COMMUNITIES to assist them with their energy transition

As part of an exemplary initiative to control our environmental impact

17% of electricity consumed by our French and Italian sites came from photovoltaic sources in 2021

INSTALLERS



Supporting our long-standing customers through the energy shift Objectives: to help installers to install, receive training on implementation, advise and sell

- TERREAL site assistance: **238** training courses provided
- Shift toward training programs leading to RGE Quali'PV certification/qualification
- Creation and availability of an online tool for our "Demain Tous Solaire" customers

Committing to sustainable housing with solar energy

The fight against climate change is a critical issue for our planet and a major challenge for the entire building sector. The Europe Energy Performance of Buildings Directive required all newly built buildings to be nearly zero-energy by the end of 2020. Today, roughly 75% of existing buildings are energy inefficient. Decarbonizing existing buildings remains a significant challenge to meet the European carbon neutrality objective by 2050. However, today only 10% of the rooftop potential is used and Building Integration Photovoltaic represents only about 3% of all the solar installed capacity in Europe.

Our mission is to allow all individuals to access the energy of the future: solar energy.

Housing is being reinvented, it is smarter, it is becoming active and it is producing energy. Faced with these major changes, we have been working to guide and support professionals through this technological shift thanks to our knowledge of the roofing market and our capacity for innovation. Ever closer to our customers, we support them to help them discover, step by step, intelligent roofing solutions that are simple to install and easy to use. Our know-how is now at the intersection between solar development and roof renovation. We are convinced that our partners, roofing companies and builders, must not lose their specialist position in the roofing sector.

Since 2018, following the acquisitions of GSE Integration and CREATON this year, our Group has a broader vision of the European market and of the innovations and practices in the solar roof sector. Our Group is the European leader in Building Integration Photovoltaic ("BIPV"), with more than 5 million m² of roofs covered with GSE IN-ROOF SYSTEMS and 30 countries adopting our products. In Germany, CREATON launched a range of solar products at the beginning of 2020 for roofers in order to offer them multiple benefits with a wide range of products and support.

INITIATIVE

We support our customers to take a responsible step towards renewable energy

From planning and selecting the perfect solution to installing photovoltaic panels, we work together with our customers to help them take their first steps towards using solar energy.

Thanks to the professional support of CREATON experts, for example, two photovoltaic systems integrated into the roof with a total performance of around 5.8 kW were installed in the detached house of one of our customers. The work only took two days to complete and was very straightforward.

The presence of our technical experts provided important support for the customer in the form of advice on easy installation and connection, and sharing best practices.

My job is to develop our solar activities through product innovations and to select components with the lowest carbon footprint, as well as to support all the market players in these major changes in the building industry so that we can build the home of the future together.

Our conviction?

We must contribute to building healthier cities for citizens and to supporting the development of clean energies such as solar energy. The roof of tomorrow, producing localized and renewable electricity, will play a decisive role in the life of buildings through the installation of photovoltaic panels.

Our Group, in collaboration with the largest design offices, supports house builders and developers in increasing the performance and reducing the impact of carbon in construction while offering owners significant energy savings.

In different European countries, we support and train our partners in the roofing of the future. This includes a wide range of services for professional roofers in the installation of these systems, helping them to sell the most suitable solutions and ensure customer satisfaction. New know-how in advice, installation, connection and configuration are necessary, and for this our Group has set up new services and offers.



Krasimir YORDANOV,
Manager of Solar Products
& Innovation Marketing Department

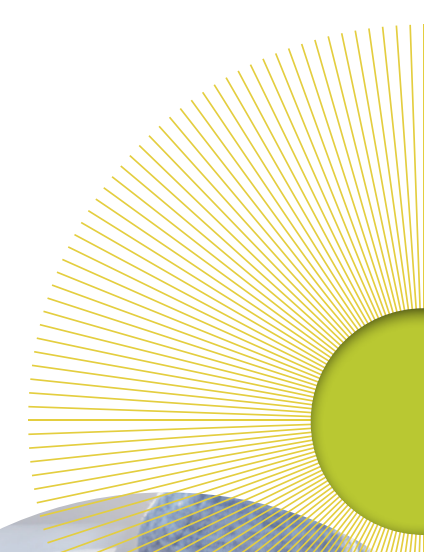
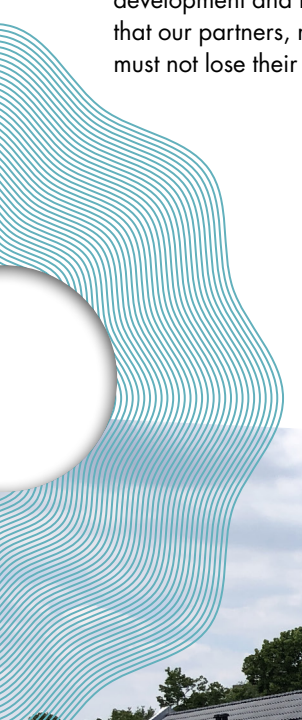
There are many possibilities: investing in the new build market or installing solar panels on existing roofs. Choosing solar energy means committing to a rapidly developing sector, encouraged by new regulations, rising electricity prices and falling solar panel prices.

With 10 years of experience and innovation in solar systems adapted to all roof configurations, we are committed to protecting homes through the quality, reliability and traceability of our solutions. With our certified solar panel kits, which are on the AQC green list, made in France (for mounting systems) and over 94% recyclable, we enable residents to produce, store and consume their own energy while reducing their carbon footprint. Supported by expert professionals, private individuals gain purchasing power and encourage short purchasing chains. Our offer therefore meets the dual objective of economic benefit for individuals and builders and ecological benefit by becoming a player in the energy transition."

INITIATIVE

Construction of 157 detached houses in Eindhoven

Over 50% of new builds in the Netherlands have photovoltaics. The Vijf van Vorst residential district is a perfect illustration of this. With 1,900 solar panels installed on roof slopes, the housing development provides almost all of its energy needs, reducing bills and CO₂ emissions. These houses have been awarded an energy rating of A++++.



Annexes – ESG Indicators

ESG data in this report is provided in response to the need for information and transparency in terms of CSR. A tool for measuring the effectiveness of CSR actions, it reveals the social, environmental and societal impact of the Group's activities. As it is structured on the basis of certain principles, namely clear and relevant indicators and a secure data collection process, it constitutes a faithful, reliable record. It covers all of the

Group's business units, including both extraction sites (quarries) and manufacturing sites (plants). This report covers Group activities that spanned the whole of 2021. This report is prepared every year under the supervision of the CSR Department. It is drafted in the interests of continuous improvement and may evolve in the pursuit of greater relevance.

SOCIAL INDICATORS			
	Indicators	Group total	
	Employees	2021	Unit
STAFF MEMBERS			
Total staff numbers and breakdown of employees by gender and age	SC 01-1.1: Average annual staff numbers (incl. apprenticeship / interns contracts)	3,218	number
	SC 01-2.1: Total number of employees at 31.12.21 (incl. apprenticeship/interns contracts)	3,239	number
	SC 01-3.1: Proportion of women among the staff ⁽¹⁾	15%	%
	SC 01-4: Average age of staff	45	years
	SC 01-5: Breakdown of staff at 31.12.21 by age groups		
	under 25	4%	%
	25-34	16%	%
35-44	26%	%	
45-54	32%	%	
over 55	22%	%	
Hiring	SC 02-1: Number of apprenticeship/professionalization/interns contracts	2,6%	%
HEALTH AND SAFETY			
Work-related accidents	SC 07-1: Frequency rate of work-related accidents	LTRIR ⁽²⁾	10,0
		TRIR ⁽³⁾	12,5
	SC 07-2: Severity rate of work-related accidents	SIR ⁽⁴⁾	0,34
TRAINING			
Training policies implemented	SC 10-1.1: Total educational expenditure associated with training	576,497	euros
	SC 10-1.2: Total educational hours associated with training	19,254	hours
	SC 10-2.1: Total educational expenditure associated with Health & Safety training	206,670	euros
	SC 10-2.2: Total educational hours associated with Health & Safety training	35,375	hours
EQUAL TREATMENT			
Measures taken to promote equality between men and women	SC 12-1.1: Proportion of women in the ExCom	12,5%	%
	SC 12-1.2: Proportion of women in the GLC ⁽⁵⁾	15,8%	%
	SC 12-1.3: Proportion of women in the Top 10 compensation across the Group	10%	%
EQUAL TREATMENT			
Measures taken to promote employment and integration of people with disabilities	SC 13-1: Proportion of employees recognized as disabled	3,4%	%

ENVIRONMENTAL INDICATORS			
	Indicators	Group total	
		2021	Unit
SUSTAINABLE USE OF RESOURCES			
Water consumption and water supply based on local constraints	E 08-1: Total water consumption ⁽⁶⁾	329,063	Cubic meters (m ³)
	E 08-2: Breakdown of water consumption by source types		
	Mains water	82%	%
	Non-mains water	18%	%
	E 08-3: Water consumption per good ton	0.15	m ³ per good tonne (m ³ .t-1)
Energy consumption, measures taken to improve energy efficiency and the use of renewable energies	E 10-1: Energy consumption ⁽⁷⁾	1,978,295,723	Kilowatt hour (kWh)
	E 10-2: Electricity consumption	221,189,608	Kilowatt hour (kWh)
	E 10-3: Gas consumption	1,731,471,172	Kilowatt hour (kWh)
	E 10-4: Fossil fuel consumption	25,634,943	Kilowatt hour (kWh)
	E 10-5: Energy consumption per good ton ⁽⁶⁾	876	Kilowatt hour per good tonne (kWh.t-1)
	E 10-6: Proportion of renewable energy ⁽⁷⁾	1%	%
CLIMATE CHANGE			
Large sources of greenhouse gas emissions generated by the company's activities, in particular through the use of the goods and services that it produces	E 11-1: Total CO ₂ emissions (in CO ₂ equivalents) ⁽⁸⁾	370,396	Tonne of CO ₂ equivalent (t CO ₂ eq.)
	E 11-2: CO ₂ emissions (in CO ₂ equivalents) per good ton ⁽⁸⁾	0,179	Ton of CO ₂ equivalent per tons produced (tCO ₂ eq/t)

SOCIETAL INDICATORS			
	Indicators	Group total	
		2021	Unit
SOCIETAL INDICATORS			
Sponsorship	ST 04-2: Number of sponsorship agreements	125	number
	ST 04-3: Sponsorship expenditure ⁽⁹⁾	311	thousand euros

NB: the calculation of social data excludes temporary employees.

(1) The indicator rose by 0.4 points between 2020 and 2021

(2) LTRIR = number of lost-time accidents/number of hours of work x 1,000,000

(3) TRIR = number of total accidents/number of hours of work x 1,000,000

(4) SIR = number of days of lost work time/number of hours of work x 1,000

(5) GLC = ExCom members + country directors and key group functional directors

(6) Energy consumption per good ton includes the gas and electricity consumption required for the product manufacturing process. E10-5 and E11-1&2 only include production sites that produce clay products

The two metal component plants do not require gas for the production process.

(7) This indicator is calculated for all Group sites based on the "process energy" consumed (gas + electricity)

Renewable energy includes only energy that we produce and consume on our premises.

NB: For France and Italy, the proportion of renewable electrical energy represents 17%.

(8) Direct and indirect CO₂ emissions from combustion of gas and processing of raw material

(9) Conversions into euro were made using the exchange rate in effect on December 31, 2021

TERREAL has been a key player in the field of terracotta building materials for over 150 years. Drawing on this unique experience, our Group comes up with innovative building envelope solutions through its four core activities: roofing, solar, structure and façade/decoration.

GROUP CSR CONTACT:

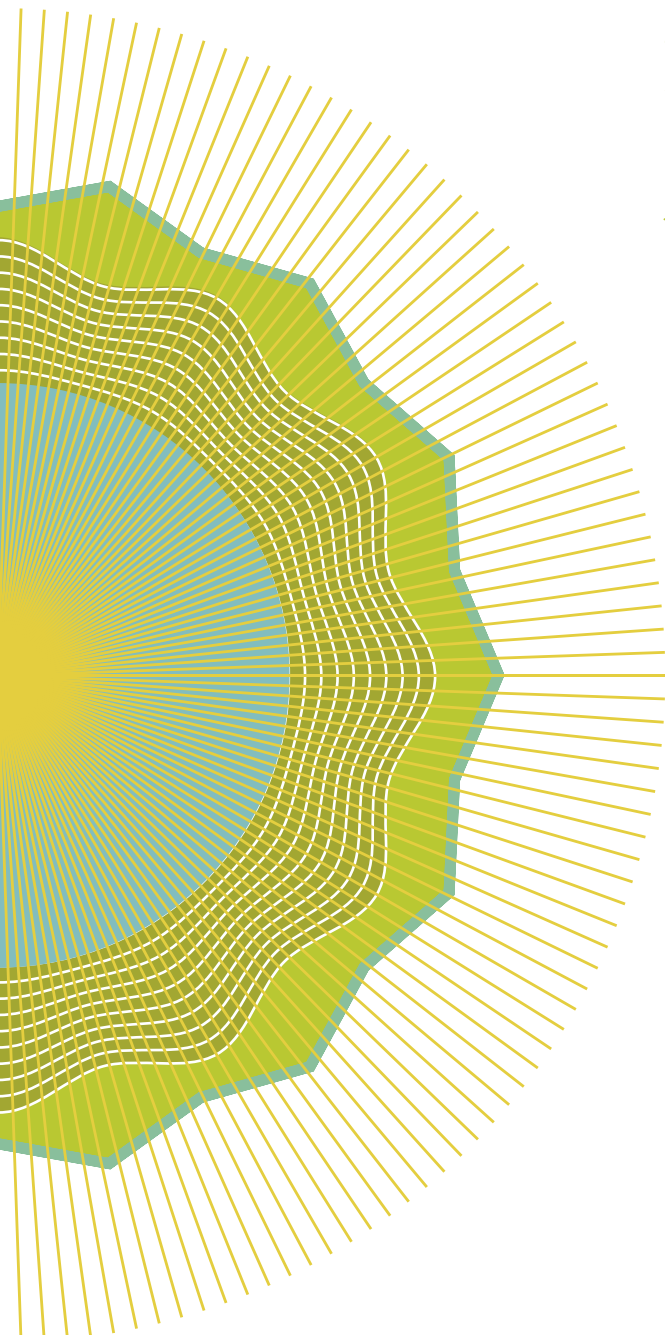
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