

HEIDELBERGCEMENT

WE ARE HERE FOR THE LONG RUN:
BUILDING TO LAST

Sustainability Report
HeidelbergCement Romania
2019

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Dr. Florian ALDEA

President - General Manager
HeidelbergCement România

Welcome message

More than 21 years have passed since we started working together for the sustainable development of Romania. A long and successful journey, which now faces a series of challenges that no one could have foreseen. However, recent global events and the times we all witness today, confirmed that there is a need for a long-term plan, showing us that sustained action and a common effort are needed to succeed, while also proving that no matter what obstacles we face, we are stronger together.

As industry leaders, we have the responsibility and ambition to be pioneers in our field, facilitating the transition to a new phase in which economic activity is closely linked to the current needs of society.

On our journey towards sustainable growth, we have set ambitious goals. Thus, the 2030 Sustainability Commitments, undertaken by the HeidelbergCement Group, have been adapted to local operations and now form the basis of our sustainability strategy for the coming years.

The following pages present the non-financial performance indicators related to our activity in 2019, providing details about the actions and measures we have taken to adhere to the principles of sustainable development.

Environmental protection is a priority for us, given our activity relies on natural resources. Thus, we are actively looking for ways to innovate, offering our customers sustainable products with low environmental impact and constantly investing in technologies and initiatives to streamline operational processes and reduce environmental impact. We have in place efficient and safe energy-recovery processes, turning waste into alternative fuels for the cement production process.

We continue to invest in equipment and technology in order to increase the rate of alternative fuels use, as this is one of the main solutions to reduce CO₂ emissions. We carefully monitor the emissions resulting from our activity, constantly measuring and recording our progress.

All the great work we have achieved the past year could not have been possible without a team of strong and responsible people, who are constantly looking to improve their skills. I would like to take this opportunity and thank the almost 1,000 employees in the HeidelbergCement Romania team for their hard work and involvement.

We are living some of the most difficult times ever. We all had and will have to make sacrifices to reduce the long-term impact caused by the

COVID-19 pandemic. This has been an important lesson that taught us more than everything, that we constantly need to adapt to this ever-changing world.

Being aware that only together we can grow and evolve, we want to continue to be a good neighbor to our communities, contributing to local development and seeking to support community projects that bring visible long-term results.

Thus, in 2019 we supported over 100 projects, investing more than 3.5 million lei in programs for our communities, in areas such as education, health, sports and environmental protection.

We will continue to support society's accelerated progress, both through our products that help build the homes and buildings that house people and the roads that bring them together, as well as through the way we operate - with care for everything that surrounds us, guided by the idea that long-term economic growth can be equal to a responsible business model.

In the following pages you will find the steps we have taken so far, along with the promise that this is just the beginning. We are and will be **here, for the long run, building to last.**



ABOUT THE REPORT

This is the fifth sustainability report of HeidelbergCement Romania.

The report presents the non-financial performance indicators related to our activity during 01.01.2019-31.12.2019 and was prepared in accordance with the requirements of **Directive 2014/95/EU** and the **Order of the Ministry of Public Finance no. 3456/2018**.

The report was prepared following the methodology described by the **Global Reporting Initiatives (GRI) Standards** and meets the requirements of the Core option. The report includes information presenting the economic, social and environmental performance of HeidelbergCement Romania S.A. ("HeidelbergCement Romania", "Company"). For a better understanding of the context in which we operate, where relevant, information on the operations of the HeidelbergCement Group was also included.

The material topics underlying the reporting process were determined following a materiality process carried out in previous years and updated as a result of stakeholder consultation meetings.

The information presented in this report has not been subject to external verification.

Throughout the reporting process, the HeidelbergCement Romania team was supported by The CSR Agency consultants.

For questions, suggestions or notifications regarding this report, you can contact us at:

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The background is a complex, abstract composition of overlapping, semi-transparent geometric planes. These planes are rendered in various shades of gray, from light to dark, creating a sense of depth and three-dimensional space. The planes intersect at sharp angles, forming a series of nested, angular shapes that resemble a modern architectural structure or a series of steps. The lighting is dramatic, with strong highlights and deep shadows, emphasizing the textures and forms of the planes.

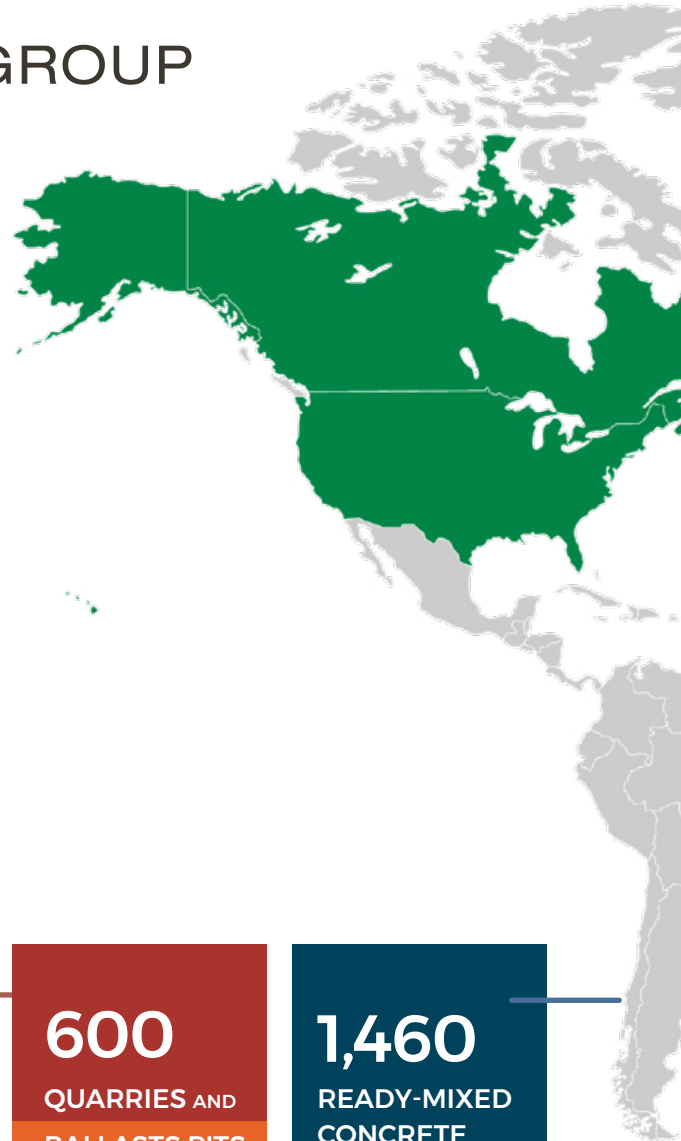
ABOUT OUR COMPANY



HEIDELBERGCEMENT GROUP

Founded in 1873 in Germany, HeidelbergCement is active in Central and Eastern Europe since 1989. Globally, HeidelbergCement is one of the world's largest building materials companies, operating on 5 continents.

Our products are therefore found across the world and contribute to building the future. Concrete, aggregates and all the other products in our portfolio help create homes, buildings and the infrastructure necessary to meet the needs of our ever-changing and ever-evolving society.



>55,000

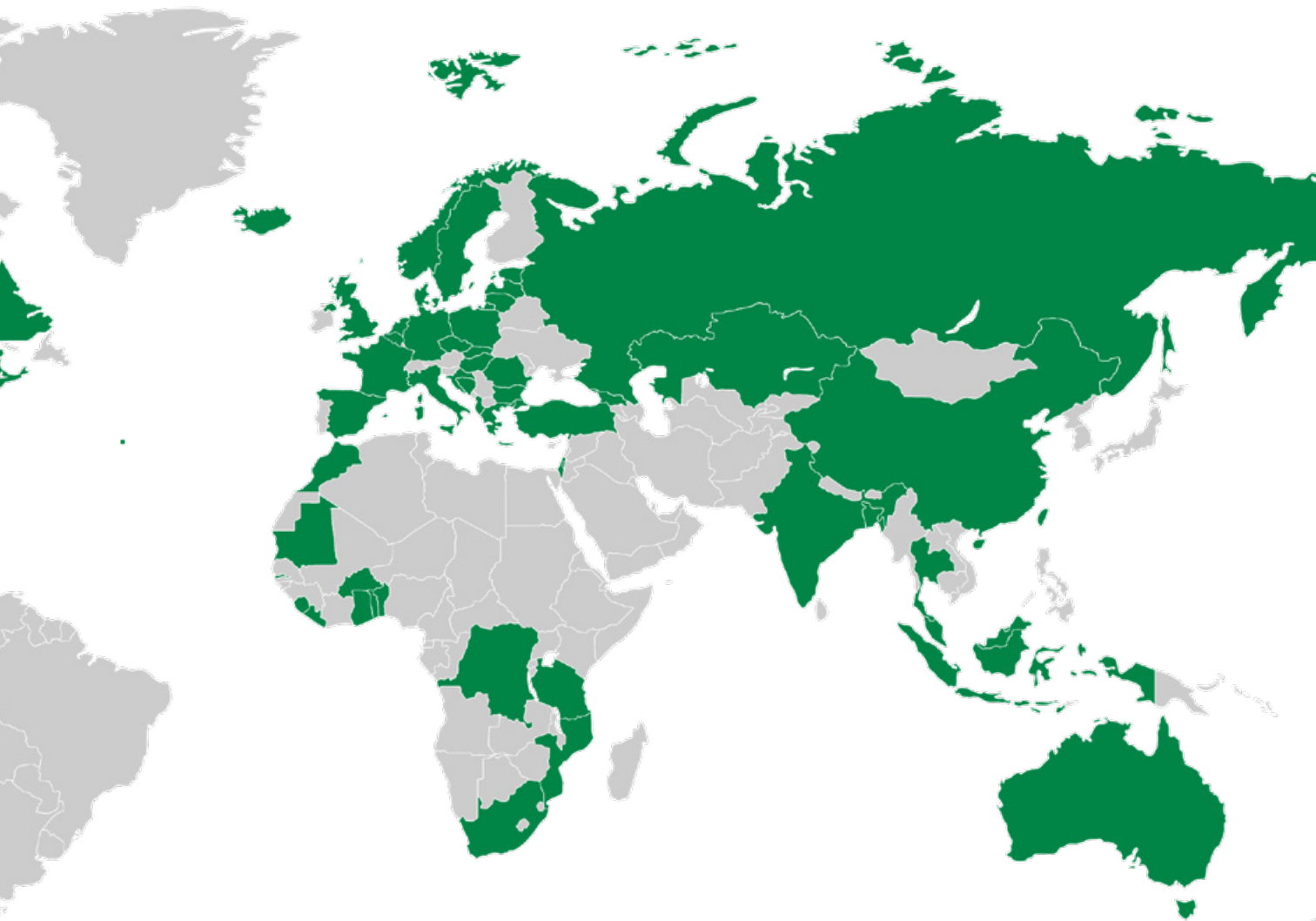
employees work in

135
CEMENT
PLANTS

and other 20 plants
operated as joint
ventures

600
QUARRIES AND
BALLASTS PITS

1,460
READY-MIXED
CONCRETE
PLANTS



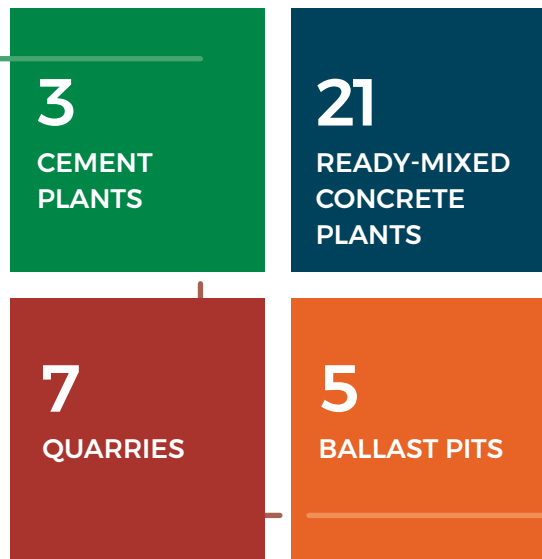
1st in the production of aggregates

2nd in the production of cement

3rd in the production of concrete



HeidelbergCement in Romania



Additional information about the HeidelbergCement products can be found [here](#).

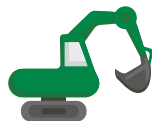
In 2019, HeidelbergCement Group owned three more companies* in Romania:

- ✔ **Carpat Cements L.T.D.**
cement transport
- ✔ **Carpat Beton Servicii Pompe L.T.D.**
concrete transport and pumping
- ✔ **Recycfuel L.T.D.**
pre-treatment and delivery of waste for energy recovery in cement plants

**Starting April 1st, 2020, Carpat Cemtrans LTD, Carpat Beton Servicii Pompe LTD and Recycfuel LTD ended their activity following a merger with HeidelbergCement Romania.*

HeidelbergCement has been present in Romania for over 21 years, and alongside our partners we contribute to the long-term economic growth of the country: directly - through the products we offer - and indirectly, through the long-term projects we develop in the communities where we operate.

In 2019, our activity was carried out in three cement plants located in Tașca, Fieni and Chișcădaga, 21 ready-mixed concrete plants, 7 quarries and 5 ballast pits. We produce and sell cement various types of concrete (road construction high-strength cement, for hydrotechnical construction, for general construction works), as well as quarry and gravel aggregates.



RAW MATERIALS

Extracted from our own quarries



SUPPORT FROM SUPPLIERS

- Energy
- Logistics
- Maintenance
- Services



PRODUCTION

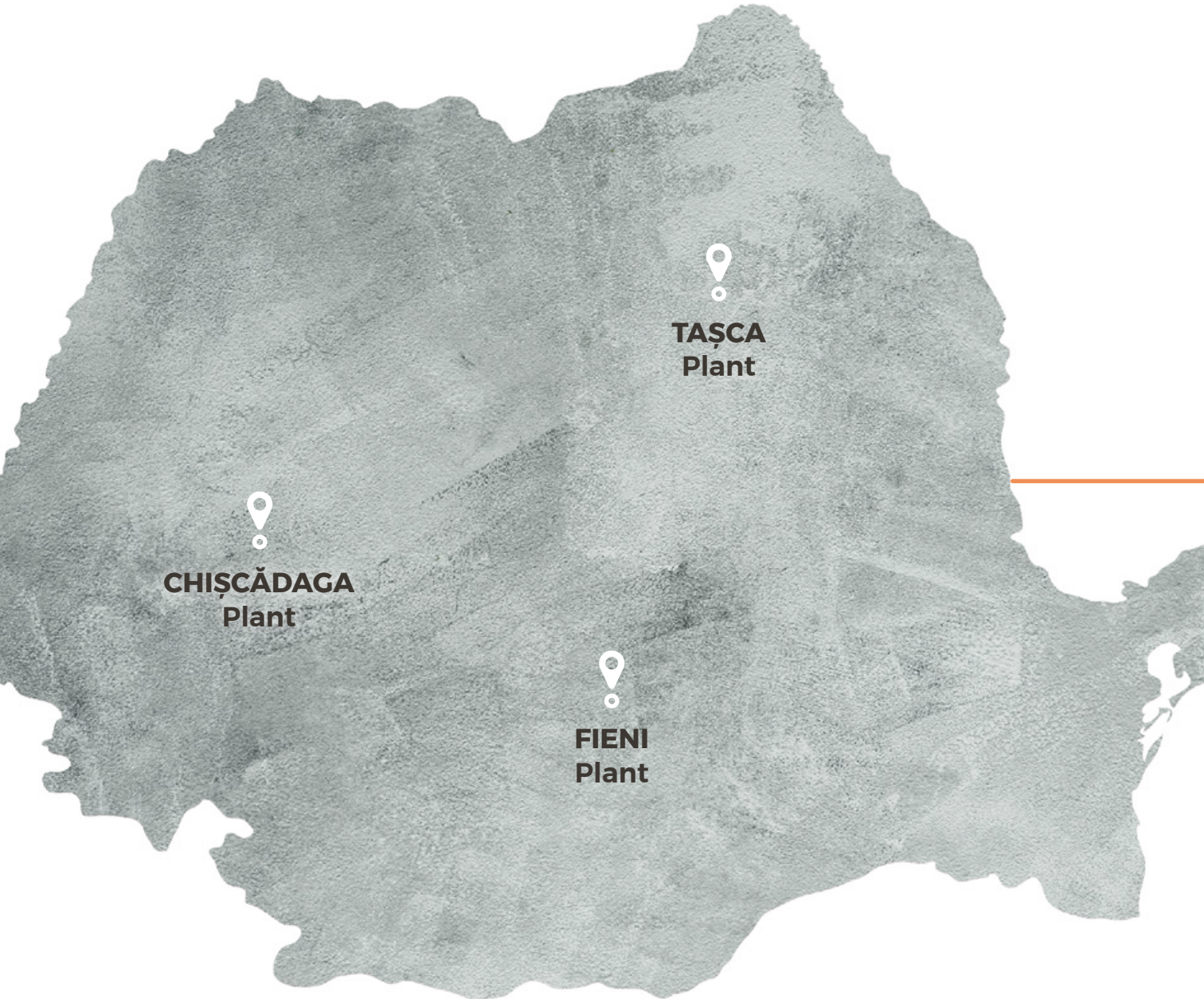
- Cement
- Concrete
- Aggregates



CLIENTS

- Infrastructure projects
- Commercial projects
- Private sector clients





2019

KEY FIGURES



2030 SUSTAINABILITY COMMITMENTS

- ✔ We promote economic performance and innovation
- ✔ We ensure compliance and encourage transparency
- ✔ We promote excellence in occupational health and safety
- ✔ We support the transition to circular economy
- ✔ We are a good neighbour to our communities
- ✔ We reduce our environmental impact

AT THE CORE OF OUR SUSTAINABILITY STRATEGY

WE ADHERE TO AND IMPLEMENT THE **10 PRINCIPLES** OF THE UNITED NATIONS GLOBAL COMPACT

WE SUPPORT THE **17 SUSTAINABLE DEVELOPMENT GOALS**



OUR LONG-TERM COMMITMENT TO THE ENVIRONMENT

> € 48,000,000

total environmental investment
(for the update of the three divisions –
cement, concrete and aggregates)

2%

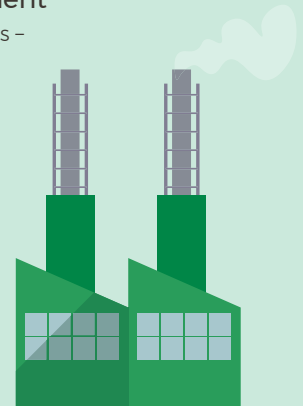
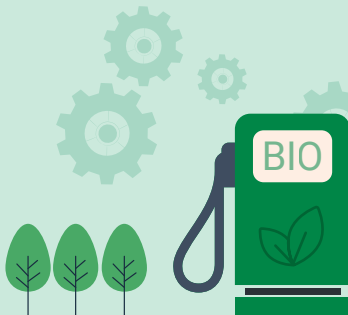
decrease
of energy intensity

34.6%

alternative fuels rate

5.5%

decrease of direct
emissions intensity



OUR LONG-TERM COMMITMENT TO OUR TEAM

Participant IN THE DIVERSITY CHARTER

994

employees

741 253

men

women

Average
hours
of training

50

65



74.54%

25.46%

25

young people attended a two-day course, part of the educational programme “**Start pentru o carieră BETON**”
(*Start for a SOLID career*)

0

work related
accidents

OUR LONG-TERM COMMITMENT TO THE LOCAL COMMUNITIES

>800
million lei

local supplier expenditure

>3.5
million lei

total community investment

> 91.6%

local suppliers

> 100

projects supported

COMMUNITY INVESTMENT - 3 KEY DIRECTIONS

1. Environmental protection
2. Constructions, architecture, infrastructure
3. Education and local community development



Environmental
assessment for

253 suppliers



ECONOMIC PERFORMANCE

The impact that HeidelbergCement has in Romania is manifested both directly (through the jobs it creates and supports, contributions to the state budget and investments made), and indirectly, through contributions to the entire value chain (suppliers and customers). We constantly invest for the sustainable growth of the company.

Starting 1998, the total environmental investment for the modernisation of the three divisions - cement, concrete and aggregates - amounts to over 48 million euro, while over 493.5 million represent contributions to state budget (taxes and duties).

For us, investments have always been a priority, both for business growth and sustainable development.



(lei)

| | 2017 | 2018 | 2019 |
|--|---------------|---------------|---------------|
| BALANCE SHEET INDICATORS | | | |
| FIXED ASSETS - TOTAL | 660,267,059 | 611,759,448 | 567,979,536 |
| CURRENT ASSETS - TOTAL , <i>of which</i> | 700,270,429 | 779,132,728 | 940,855,660 |
| INVENTORIES <i>(raw materials, materials, work in progress, semi-finished products, finished products, goods, etc.)</i> | 180,859,879 | 193,334,709 | 189,517,608 |
| CLAIMS | 508,712,078 | 577,008,718 | 742,410,158 |
| CASH AND BANK ACCOUNTS | 1,543,357 | 2,288,597 | 3,078,976 |
| ACCRUED EXPENSES | 8,638,939 | 3,267,709 | 2,015,324 |
| LIABILITIES | 174,162,652 | 174,204,944 | 197,151,792 |
| DEFERRED REVENUE | 33,313,110 | 30,882,665 | 27,839,832 |
| PROVISIONS | 44,911,901 | 47,870,535 | 59,122,489 |
| CAPITAL - TOTAL , <i>of which</i> | 1,116,788,764 | 1,141,201,741 | 1,226,736,407 |
| SUBSCRIBED PAID-IN SHARE CAPITAL | 283,556,000 | 283,556,000 | 283,556,000 |
| STATE-OWNED EQUITY PLUS ASSETS | - | - | - |
| PROFIT AND LOSS ACCOUNT INDICATORS | | | |
| NET TURNOVER | 890,530,183 | 945,678,277 | 1,194,638,962 |
| TOTAL REVENUE | 872,556,749 | 946,508,177 | 1,208,403,609 |
| TOTAL EXPENSES | 707,551,872 | 753,588,539 | 913,833,187 |
| GROSS PROFIT OR LOSS | | | |
| PROFIT | 165,004,877 | 192,919,638 | 294,570,422 |
| LOSS | 0 | 0 | 0 |
| NET PROFIT OR LOSS (FINANCIAL YEAR) | | | |
| PROFIT | 135,335,239 | 159,748,216 | 245,282,881 |
| LOSS | 0 | 0 | 0 |

THE INFORMATION PRESENTED IS NOT AS DETAILED AS REQUIRED BY THE STANDARD DUE TO THE FACT THAT IT REPRESENTS CONFIDENTIAL INFORMATION, AND ITS DISCLOSURE COULD GENERATE A COMPETITIVE DISADVANTAGE.



CORPORATE GOVERNANCE

EXECUTIVE MANAGEMENT

The company is managed by a General Manager, who is at the same time Chairman of the Board of Directors.

The Board of Directors has two other members and meets once every three months.

| | | |
|---|--|--|
| FLORIAN ALDEA POSITION Chairman-General Manager NATIONALITY Romanian | ERNEST JELITO POSITION Non-executive administrator NATIONALITY Polish | CHRISTIAN MIKLI POSITION Non-executive administrator NATIONALITY German |
|---|--|--|

The role of the Board of Directors is supported by the Executive Committee (EXCOM) that meets monthly.

| | | | |
|---|--|--|--|
| MIHAELA TRĂISTARU POSITION RMC Director NATIONALITY Romanian | CLAUDIU ORBECI POSITION Aggregates Director NATIONALITY Romanian | CRISTIAN VOINIȚCHI POSITION Technical Director – Cement Division NATIONALITY Romanian | MANOLE POPA POSITION Legal Director NATIONALITY Romanian |
| SORIN TRIFA POSITION Financial and Human Resources Director NATIONALITY Romanian | ADRIAN GREAVU POSITION Cement Sales Director NATIONALITY Romanian | MARIUS LUPA POSITION Taşca Cement Plant Director NATIONALITY Romanian | GABRIEL ROTARU POSITION Chişcădağa Cement Plant Director NATIONALITY Romanian |
| FLORENTIN GHICA POSITION Purchasing Director NATIONALITY Romanian | BOGDAN ARNĂUTU POSITION Communications Manager NATIONALITY Romanian | | |

HeidelbergCement Romania is a member of the German Group Heidelberg Cement AG (shareholder 100%).



ETHICS AND RESPONSIBILITY

We, at the HeidelbergCement Group have signed the United Nations Global Compact and are committed to follow and integrate into all our activities the 10 principles that define a company's corporate social responsibility towards respect for human rights, work standards, environmental protection and anti-corruption.

All these elements are essential parts of our business model, deeply rooted in our strategy and organisational culture.

ANTI-CORRUPTION

The company has zero-tolerance to any acts or behaviours that could lead to corruption incidents. All our relationships with our suppliers, customers and government authorities are based on transparency, fairness and compliance with applicable laws and regulations.

The anti-corruption policy and the behaviour we expect from all our employees are described in the company's Internal Regulation Guide. In addition, all employees must know and comply with the provisions of the Anti-Corruption Guide, published and permanently available on the company's intranet.

Any violation or practice that does not comply with the provisions of the Anti-Corruption Guide must be reported immediately to the direct manager, the compliance officer, the Legal Department, the manager of another relevant department/unit or by using the complaints and grievances **SpeakUp** phone line.

The reporting channel is available for our business partners as well, should they consider that an employee has not acted properly.

In 2019, 3 complaints were received from employees, on issues related to the work environment, but the investigations proved to be unfounded.

IN 2019,

15 EMPLOYEES FROM THE PURCHASING DEPARTMENT HAVE BEEN TRAINED INTERNALLY WITH REGARDS TO THE ANTI-CORRUPTION POLICY. ALSO, ANOTHER **228** EMPLOYEES HAVE ATTENDED AND COMPLETED THE ONLINE COURSE APPLICABLE AT THE ENTIRE GROUP LEVEL, *CORRUPTION PREVENTION AT HEIDELBERGGEMENT.*

All employees whose activity may result in acts of corruption are regularly informed and trained about the Anti-Corruption Guide. All training activities are carried out through internal and external training programs, specialised internal meetings or e-learning modules. The intervals between training sessions do not exceed two years.

In addition, all employees with an email address were informed of the policies and procedures applicable to the organisation regarding anti-corruption.

In 2019:

- ☑ there were no confirmed incidents of corruption;
- ☑ there were no confirmed incidents of corruption involving the company's employees, leading to their dismissal or disciplinary action;
- ☑ there were no confirmed incidents of corruption leading to termination of contractual relations with business partners;
- ☑ there were no legal actions against the company or its employees relating acts of corruption.

CONFLICT OF INTEREST

According to the Internal Regulation Guide, conflict of interest is defined as a situation or circumstance in which the personal interest, direct or indirect, of an employee (family, professional or of any other nature) influences or may influence the performance of their duties impartially and objectively.

Thus, all our employees are required to know and comply with the provisions of the Policy on the management and avoidance of conflicts of interest, published on the Company's intranet, and to:

- (a) request support from representatives of the Human Resources Department, where further clarification is required;
- (b) immediately communicate any potential situation of conflict of interest;
- (c) seek the company's support to eliminate its own involvement surrounding decision-making in which their objectivity may be affected by personal interests or relationships;
- (d) maintain impartial relationships with customers and suppliers and act only in the best interests of the company;
- (e) not be employed or hold a management or other function with suppliers, customers or competitors;
- (f) not use their position within the company for personal benefit;

g) not carry out collateral activities during working hours or use the company's asset for personal interest (information, equipment, materials, cars, machinery, software, etc.);

(h) avoid engaging in actions from which they may obtain an unfair benefit due to the information obtained as a result of the activity they carry out;

(i) not seek to obtain or accept any unfair benefit (including loans or guarantees for personal obligations) that are not accessible to the general public and could influence the way in which the duties or responsibilities of the service are carried out;

j) not accept gifts from partners of the company unless they have a financial value of less than EUR 50. The exception does not apply if gifts are made frequently;

(k) maintain impartial relations with the company's employees in the performance of their duties;

l) not recruit members of their family into the coordinated structure.

IN 2019, THERE WERE NO REGISTERED REFERRALS OR COMPLAINTS ON THE COMPANY'S CHANNELS REGARDING CONFLICT OF INTERESTS.



COMPLIANCE WITH THE COMPETITION LAW

The company's pro-competitive mission is based on the fundamental premise of the legislation in force, according to which competition produces the best products and services at the lowest prices, encourages efficiency and innovation and strengthens the economy as a whole. Competition restrictions have a negative impact across the entire value chain, from consumers to employees and suppliers.

HeidelbergCement Romania has a strict policy regarding compliance with the competition law, and the company does not in any way tolerate the violation of this legislation by its employees or business partners. We support honest competition in the market and act on this belief.

A compliance programme is implemented throughout the company, and our employees are trained annually to strictly comply with the competition policy. At the same time, we expect our business partners to share and respect our commitment to integrity and compliance with competition law.

BETWEEN DECEMBER 2018 AND DECEMBER 2019, **193** EMPLOYEES OF HEIDELBERGCEMENT ROMANIA COMPLETED THE ONLINE COURSE ON COMPETITION LAW.

As part of the compliance programme, we train our employees on competition rules and guide them so as to avoid any restrictive agreements or practices of competition in their activities and in contacts with competitors. The programme also defines the measures to be taken when the company's employees discover that an agreement or practice in which HeidelbergCement Romania takes part may violate the competition rules.

Any employee who knowingly violates, disposes of, or allows a subordinate to violate the law or the organisation's policy on competition is subject to disciplinary action.

It is strictly forbidden to take part in agreements or cartels with competitors on joint pricing, participation in rigged tenders or offers, imposition of restrictions or production quotas, division of markets by assigning customers or suppliers or any other situation which would jeopardise free competition. In addition, for clarity and a coherent business-wide approach, the Competition Guide has been developed and communicated to all employees.

Employees are required to:

- (a) know and comply with the provisions of the Competition Guide;
- b) attend training sessions organised by the company;
- c) refrain from any action that would violate competition law or the rules of the Competition Guide;
- d) seek the opinion of the Legal Department whenever they are not sure whether a particular conduct is compliant with competition law or the provisions of the Guide;
- e) report hierarchically any suspicious event or conduct.

IN 2019, THERE WERE NO REGISTERED LEGAL ACTIONS AGAINST THE COMPANY (IN PROGRESS OR FINALISED) REGARDING INCIDENTS OF VIOLATION OF COMPETITION OR ANTITRUST LAW.

In May 2019, the Competition Council completed a sectoral investigation into the Romanian cement production and trade market, launched in 2016. The study analysed the structure and operating mechanisms of the sector, aiming to identify possible competitive issues. The final report of the investigation into the cement production and trade market can be found on the institution's website:

www.consiliulconcurentei.ro.

Following these findings, the Competition Council launched, in October 2018, an investigation into a possible anti-competitive agreement between Holcim Romania, CRH Romania and HeidelbergCement Romania, carried out by dividing the Romanian cement production and trade market, from the perspective of market shares and/or products offered on the market, limiting or controlling production, marketing, technical development or investment, correlated with the possible coordination of the pricing policy of the companies involved. The company fully cooperated with the representatives of the Competition Council during the investigation. At the time of publication of this report, the investigation is still ongoing.

PERSONAL DATA PROTECTION

Personal data is collected, stored, and processed by the company in accordance with the applicable legal provisions. The organisation's policy on the personal data protection, as well as all information for our partners, is available on the company's website under the [Data Protection section](#).

IN 2019, THERE WERE NO REGISTERED COMPLAINTS FROM THIRD PARTIES OR CONTROL BODIES REGARDING BREACHING THE PERSONAL DATA PROTECTION REGULATION. IN ADDITION, THE COMPANY HAS NOT REGISTERED PERSONAL DATA LEAKAGE, LOSS, OR THEFT.

COMPLIANCE WITH LEGISLATIVE REGULATIONS

Through the Code of Professional Conduct and the Leadership principles, we have made a firm commitment throughout the company, to comply with the applicable law. We are also committed to respecting global values and standards, such as the United Nations Universal Declaration of Human Rights, the OECD (Organisation for Economic Co-operation and Development) Guidelines for Multinational Enterprises, and the ILO (International Labour Organisation) Declaration on Fundamental Principles and Rights at Work. The framework supporting the achievement of all these

commitments is established by the Compliance Policy. Within HeidelbergCement Romania S.A., the responsibility for compliance and adoption of legally and ethically correct conduct lies with the General Manager, who has appointed a Compliance Officer, at the entire company level. The Compliance Officer is responsible for the development, implementation and continuous monitoring of the organisation's compliance activity. The Compliance Officer reports directly to the General Manager and to the Group's Compliance Department.



In addition, a Compliance Committee composed of the General Manager, the Legal Director, the Human Resources Manager, and the Compliance Officer operates within the company. The Committee meets once a year and examines the following topics:

- ✓ The main aspects of compliance within HeidelbergCement Romania;
- ✓ Annual report on compliance incidents and how to manage them;
- ✓ Actions, measures, policies to be implemented or developed to ensure continuous improvement.

IN 2019, THE COMPANY DID NOT RECEIVE FINES OR NON-FINANCIAL SANCTIONS FOR NON-COMPLIANCE WITH SOCIAL AND ECONOMIC LAW AND/OR REGULATIONS.

Despite rigorous management and constant investment to protect the environment and comply with the legislation in force, in 2019 the company received a fine of 50,000 lei, from the National Environmental Guard, for its operations at the Chișcădaga Cement plant (on the implementation of QAL 2, the quality assurance procedure of the emission monitoring system, according to the European standard SR EN 14181/2015, demonstrating the quality of pollutant emission measurements).

493 EMPLOYEES COMPLETED THE ONLINE COURSE ON COMPLIANCE IN 2019.



RISK MANAGEMENT

Risk identification, understanding, and systematic evaluation and reduction are the responsibility of the Board of Directors and a key task for all managers in the company, regardless of the department they manage. Within the HeidelbergCement Group, the operational management in each country and the Group's central departments are directly responsible for verifying and observing risk opportunities at an early stage.

The Board of Directors has the obligation to create and supervise an internal risk management system. The Board of Directors, together with the Audit Committee, regularly assesses the efficiency of the risk management system, developed based on financial resources, operational planning and strategy created by the Board of Directors.

RISK MANAGEMENT PROCESS

In order to optimise risk management, a programme describing the entire risk management process is used within the Group. It provides an overview of the entire structure of the company and helps assign responsibilities at local level. Thanks to standardised assessment plans, risks are recorded and can be analysed over time, together with the proposed measures. Thus, the data can be consolidated on time, flexibly analysed and described using standardised risk reporting methods.

RISK IDENTIFICATION AND ASSESSMENT

The risk identification process is carried out regularly by country-level management and those responsible at global level. The operational planning cycle is used as the base period for probability forecasts. In addition to quantifying the risks over a twelve - month period, new risks and risks already known with medium or long-term potential must be reported. The impact generated on several key parameters – operations, net profit, cash flow – is used as a reference to assess potential damage.

There are also risks that have no direct financial impact but can affect the company's reputation or strategy. If the risk cannot be calculated directly, the damage is assessed using qualitative criteria, for example: risks that may pose a threat to the Group's existence.

Regular risk identification is followed-up by ad hoc risk reporting in the event of serious risks or sudden damage. These may occur mainly due to political events, changes in financial markets or natural disasters.

The analysis results are presented quarterly to the Board of Directors, ensuring continuous and structured risk monitoring. Regular management meetings provide a platform where the Board of Directors can discuss with responsible managers and thus plan appropriate measures to manage the risks.

In addition, there is an Internal Audit Department at Group level, which evaluates risk management to increase risk awareness. As part of the internal audit, in accordance with legal requirements, the auditor also evaluates the risk management system to determine whether the system can identify problems that threaten the Group's existence at an early stage. The Board of Directors also regularly informs the Supervisory Board and the Audit Committee of the risk situation. More information about the Risk Management System and the integrated group-wide approach can be read in the HeidelbergCement Annual Report on pages 63-73.

The report is available [here](#).



RISKS AND OPPORTUNITIES SPECIFIC TO THE LOCAL CONTEXT

Locally, according to internal procedures, risks and opportunities are identified in accordance with the standards and regulations that the company complies with. These are detailed in the *Risk and Opportunity Identification Sheets for the organisation's context, compliance requirements, needs and expectations of relevant workers and stakeholders*. Each sheet includes information on determinants/process, identified risk, probability, impact, risk level, risk treatment actions, opportunities, and monitoring.

Each identified risk is assessed from two perspectives: probability (scale 1 to 6) and impact (scale 1 to 5). The risk level is determined by multiplying the probability factor with the impact factor.

| | | | | | | |
|-------------|---|--------|----|----|----|----|
| probability | 6 | 6 | 12 | 18 | 24 | 30 |
| | 5 | 5 | 10 | 15 | 20 | 25 |
| | 4 | 4 | 8 | 12 | 16 | 20 |
| | 3 | 3 | 6 | 9 | 12 | 15 |
| | 2 | 2 | 4 | 6 | 8 | 10 |
| | 1 | 1 | 2 | 3 | 4 | 5 |
| | | 1 | 2 | 3 | 4 | 5 |
| | | impact | | | | |

probability

- 1 - extremely rare (>3 years)
- 2 - very rare (2-3 years)
- 3 - rare (1-2 years)
- 4 - uncommon (6 month-1 year)
- 5 - common (1-6 months)
- 6 - very common (<1 month)

impact

- 1 - insignificant (negligible impact)
- 2 - minor (can only have an impact within the organisation)
- 3 - moderate (impact that may affect the quality of the products/ services, VLE overruns, injuries, penalties from the authorities)
- 4 - major (major financial or image losses, pollution accidents that can affect neighbourhoods, disability, occupational diseases)
- 5 - critical (activity may stop, death)

The risk level calculation grid, according to SR EN ISO 9001:2015, SR EN ISO 14001:2015, SA 8000:2014, SR ISO 45001:2018

Risks with a level greater than or equal to 10 are addressed in "Action Plans to address risks and opportunities in the context of organisation, relevant stakeholders, and compliance requirements".

OHS ACTION PLAN ACCORDING TO SA 8000:2014

| NO. | IDENTIFIED RISK | RISK LEVEL | ACTIONS TO MINIMISE RISK |
|------------|--|--|---|
| 1 | Omitting the elaboration/ updating of instructions when changes are made in the activities carried out | 12 | Keep records of OHS instructions |
| | | | Ensure an effective communication process on changes in the activities carried out Periodic analysis and OHS instructions updating |
| 2 | Non-compliance by suppliers/ subcontractors with social responsibility provisions | 12 | Communication to suppliers/ subcontractors of the code of conduct regarding the principles of social responsibility |
| | | | Training of contracted employees prior to the start and during the work |
| | | | Periodic monitoring of suppliers (<i>checks, audits</i>) |
| NO. | OPPORTUNITY | ACTIONS TO CAPITALISE ON THE OPPORTUNITY | |
| 1 | Improve the performance of the organisation's processes | Ensure open dialogue between the parties (employer and workers) to improve working conditions | |
| | | Awareness of social responsibility principles for employees and contractors | |
| | | Alignment of management system documentation for processes integration of companies acquired by fusion | |




ACTION PLAN ACCORDING TO SR ISO 45001:2018

| NO. | IDENTIFIED RISK | RISK LEVEL | ACTIONS TO MINIMISE RISK |
|-------------------------|--|------------|---|
| EXTERNAL FACTORS | | | |
| 1 | Negative impact on the health and safety of workers affecting the organisation's activity in the event of force majeure (<i>fires, wars, explosions, major technical failures/accidents, government or other authority restrictions, pandemic, epidemic</i>) | 10 | Establish actions to mitigate, as far as possible, the negative impact on the health and safety of workers and the organisation's processes |
| 2 | Contractors' non-compliance with contractual OHS obligations | 16 | Training and awareness of contractor workers |
| | | | Monitor contractors' activity by carrying out OHS verification and controls |
| | | | Evaluation of contractors' OHS performance |
| 3 | The occurrence of emergency situations in the vicinity of the workplace, which are not under the control of the organisation and may cause occupational accidents or illness | 12 | Identify potential emergency situations, considering both the organisation's locations and neighbourhoods and thus establishing appropriate management and treatment plans |
| INTERNAL FACTORS | | | |
| 4 | Deficiencies in hazard identification and work-related risk assessment | 16 | Periodic analysis of work-related hazards and risks by assessment teams |
| 5 | Introducing additional hazards and risks by contractors. Outsourced processes with an impact on the OHS management system of the organisation or other stakeholders | 12 | Define OHS criteria in the selection and evaluation of contractors |
| | | | Monitor contractors' compliance with provision of OHS contracts, conventions and protocols |
| | | | Training and awareness of contracting workers when entering the site and during their activity |
| | | | Identify and assess risks and opportunities for outsourced processes |
| 6 | Inadequate analysis and management of OHS incidents/ non-compliances | 12 | Analysis of incidents/ non-compliances and their causes by functions operating in areas where they have been identified Assessing the effectiveness of the actions taken |

| NO. | OPPORTUNITIES | ACTIONS TO CAPITALISE ON THE OPPORTUNITY |
|-------------------------|--|--|
| EXTERNAL FACTORS | | |
| 1 | Improve the company's image | Actions to promote OHS performance by organising events dedicated to occupational health and safety (e.g., OHS week) |
| INTERNAL FACTORS | | |
| 2 | Increase the performance of the OHS management system by workers' contribution to the growth of a healthy and safe job | Provide mechanisms for employee participation and consultation Analyse the needs and expectations of workers and consideration of the relevant ones |
| 3 | Increase safety in the workplace by defining and clearly delimiting the responsibilities | Clearly defined responsibilities in job descriptions and communication to workers Maintain documented information on assuming responsibilities (signing of job descriptions by workers) |
| 4 | Increase OHS management system performance by workers' contribution to create a safe and healthy workplace, including the investigation of incidents | Provide mechanisms for employee participation and consultation in the investigation of incidents |
| 5 | Minimise the risk level of occupational injury and illness | Periodic analysis of OHS hazards and risks and identification of new hazards due to changes in processes/activities/equipment Compliance with OHS controls hierarchy |
| 6 | Avoid sanctions from authorities and regulators | Compliance with applicable OHS legal requirements Assessment of compliance with applicable legal requirements |
| 7 | Increase productivity and safety in the workplace using trained and competent personnel | Provide training programmes |
| 8 | Minimise the negative impact of changes on the OHS management system | Plan change management actions |
| 9 | Take prompt action and limit losses in the event of real emergencies | Identify possible emergency situations Plan and conduct emergency situations simulation exercises |
| 10 | Take prompt action and limit losses in the event of incidents | Inform workers of incident alerts within the Group |
| 11 | Improve the performance of the company's processes | Alignment of management system documentation for processes integration of companies acquired by fusion |






ACTION PLAN ACCORDING TO SR EN ISO 14001:2015

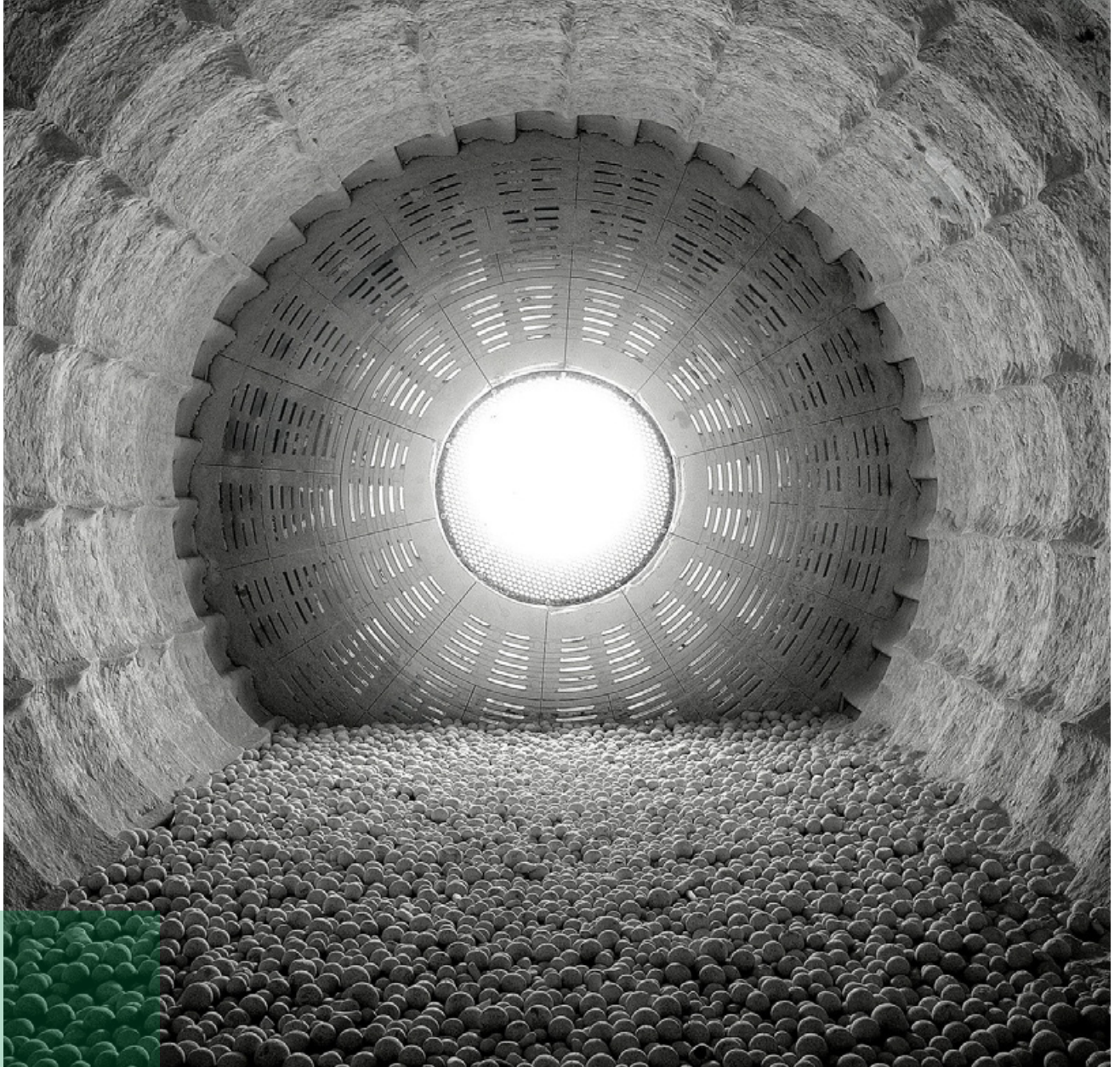
| NO. | IDENTIFIED RISK | RISK LEVEL | ACTIONS TO MINIMISE RISK |
|-------------------------|---|------------|--|
| EXTERNAL FACTORS | | | |
| 1 | The implementation of new EU Regulatory Directives | 12 | Adapt OHS documents to new requirements Define measures to comply with the requirements |
| 2 | Failure to comply with the requirements of national law and applicable EU Directives in the field of environmental protection | 12 | |
| 3 | Occurrence of a situation of force majeure affecting the activity of the organisation <i>(fires, wars, explosions, malfunctions/major technical accidents, government or other authority restrictions, pandemic, epidemic)</i> | 10 | Define actions to mitigate, as far as possible, the negative impact on the environment and on the processes of the organisation Limitation of activity and preservation of equipment Use online communication platforms |
| 4 | Complaints from neighbourhoods/local community | 16 | Meet compliance requirements Effective and transparent communication with local neighbourhoods/ community on relevant environmental issues to identify their needs and expectations Effective handling of allegations/ complaints |
| 5 | Difficulties in procuring/using alternative sources of materials/fuel | 12 | Identify multiple sources/ types of alternative materials/ fuel Conduct studies/ tests before use in current production |
| 6 | Mismanagement of waste generated by external suppliers operating on the organisation's sites | 10 | Training and awareness of suppliers' employees |
| 7 | Negative advertisement, articles that affect the company's image | 20 | Use of the "right to reply" Organise activities to ensure transparent communication with authorities, local communities and the media (including social media) in order to promote a fair image of the organisation Review the management of compliance requirements for processes of merged companies. Unitary approach to environmental issues including processes of merged companies |

| | | | |
|-------------------------|--|----|--|
| 8 | Restrictions arising from activity in protected areas (<i>e.g., Natura 2000</i>) | 12 | Biodiversity promotion/ monitoring actions in protected areas Compliance with the provisions of the Biodiversity Management Plan |
| 9 | Disruption/ interruption of the organisation's activity by neighbourhoods | 12 | Ongoing communication to identify the needs and expectations of neighbouring communities |
| INTERNAL FACTORS | | | |
| 10 | Low level competence of contracted employees performing work that may affect environmental performance | 16 | Define contractual clauses relating to the staff capability and providing evidence |
| | | | Monitor and evaluate contractors' activity |
| 11 | Insufficient preparation to respond to potential emergency situations identified | 12 | Develop/update emergency plans and response capacity for identified emergency situations |
| | | | Involvement of own and contracted staff in PSU testing |
| | | | Personnel training |
| 12 | Obtaining incorrect values from the environmental performance measurement/ monitoring process | 12 | Laboratory accreditation checks/ equipment certificates checks |
| | | | Conduct additional measurements with other verification tools and by a third party |
| 13 | Misidentification of complaint causes or implementing inappropriate corrective actions | 12 | Systematic, complete, and documented analysis of the causes and consequences of the complaint Implement appropriate and effective measures by responsible functions |
| 14 | Lack of qualified staff in the labour market | 12 | Identify personnel needs and provide resources for their proactive training Development of replacement/ succession plans Implementation of vocational qualification programs (<i>e.g., apprenticeship, training</i>) |
| 15 | Use of technologies/ equipment that may affect environmental performance | 12 | Identification of technical solutions for upgrading/ replacing existing equipment to increase environmental performance |



| NO. | OPPORTUNITIES | ACTIONS TO CAPITALISE ON THE OPPORTUNITY |
|-------------------------|-----------------------------|---|
| EXTERNAL FACTORS | | |
| 1 | Use of alternative fuels | Increase rate of alternative fuel use |
| 2 | Improve the company's image | Actions to promote environmental performance through active participation in international competitions, symposiums, workshops Control of environmental aspects and compliance requirements, including for processes of merged companies |
| INTERNAL FACTORS | | |
| 3 | Increased OHS performance | Conduct internal and external audits |






ACTION PLAN ACCORDING TO SR EN ISO 9001:2015

| NO. | IDENTIFIED RISK | RISK LEVEL | ACTIONS TO MINIMISE RISK |
|-------------------------|--|------------|--|
| EXTERNAL FACTORS | | | |
| 1 | Negative impact in the market due to customer dissatisfaction | 12 | Permanent communication with customers to identify their needs and expectations <i>(customer visits/workshops)</i> |
| | | | Effective handling of customer complaints/allegations |
| | | | Actions to raise employee awareness of the importance of increasing customer satisfaction |
| 2 | Negative advertisements, articles that affect the company's image | 16 | Use of the "right to reply", publication of explanatory and detailed articles |
| | | | Organise activities to ensure transparent communication with authorities, local communities, and media <i>(including social media)</i> in order to promote a fair picture of the organisation |
| 3 | Disruption/interruption of the organisation's activity by neighbourhoods/local community | 10 | Permanent communication to identify the needs and expectations of neighbourhoods/local community <i>(Advice of the Elders, obtaining/revising authorisations/agreements)</i> |
| | | | Transparent communication with stakeholders to promote a fair picture of the organisation |
| | | | Effective handling of complaints/allegations |
| INTERNAL FACTORS | | | |
| 4 | Lack of qualified staff in the labour market | 12 | Identify personnel needs and provide resources for their proactive training Elaboration of succession replacement plans Implementation of vocational qualification programmes <i>(e.g., apprenticeship, training)</i> |
| 5 | Failure to achieve the organisation's economic objectives | 12 | Appropriate cost management Achieve performance indicators in Operating Plan <i>(volumes, price, etc.)</i> |
| 6 | Use of high-cost technologies/equipment affecting productivity | 12 | Identify technical solutions for upgrading/replacing existing equipment to increase productivity |
| 7 | Staff fluctuation | 12 | Increase employee satisfaction and motivation Employees understanding of the concept of belonging to the organisational culture |

| NO. | OPPORTUNITY | ACTIONS TO CAPITALISE ON THE OPPORTUNITY |
|-------------------------|---|---|
| EXTERNAL FACTORS | | |
| 1 | Diversification of the range of products/ services | Marketing analysis to identify future market needs |
| 2 | Establish contractual relationships with customers in various market segments | Continuous knowledge and evaluation of market segments |
| 3 | Identify new suppliers/ alternative electricity sources | Market analysis |
| 4 | Identify alternative thermic energy sources | Market analysis and communication with authorities |
| 5 | Improve the performance of the organisation's processes and ensuring effective communication with customers | Integrating the process of transporting products to customers in the organisation's processes |
| 6 | Improve the company's image by providing objective evidence | Product promotion through active participation in symposia, exhibitions Provide objective evidence to media and local community when negative advertising occurs |
| 7 | Use of alternative resources | Market analysis |
| INTERNAL FACTORS | | |
| 8 | Improve the organisation's process performance | Alignment of management systems documentation to integrate merged companies processes |
| 9 | Increase SMC performance | Conduct internal and external audits |





MANAGEMENT SYSTEMS AND PRODUCT QUALITY

We want to offer our customers safe, high-quality products that contribute to the construction and development of solid, long-lasting projects. Thus, beyond strict compliance with the rules and

regulations imposed by European and national legislation, we adopt, where possible, standards specific to our activity, which strengthen the quality commitment we make to our partners.

| STANDARD | PRODUCT/ LOCATION | CERTIFICATION DATE (2017, 2018 AND 2019) | DESCRIPTION |
|---------------------------------------|--|--|--|
| SR EN ISO 9001:2015 | HeidelbergCement Romania S.A. | 30.06.2017 (<i>recertification</i>) | Certificate no. 1040 for the quality management system |
| SR EN ISO 14001:2015 | | 30.06.2017 (<i>recertification</i>) | Certificate no. 070 M for the environmental management system |
| SR OHSAS 18001:2008 | | 30.06.2017 (<i>recertification</i>) | Certificate no. 015 S for the occupational health and safety management system |
| SA 8000:2014 | | 30.06.2017 (<i>recertification</i>) | Certificate no. 044 R for the social responsibility management system |
| SR ISO 45001:2018 | | 09.07.2019 | Certificate no. 15 S for the occupational health and safety management system |
| EN 197-1:2011 | CEM II/ A-M (S-LL) 32,5 R CEM II/ A-M (S-LL) 42,5 R | 15.03.2019 (<i>Chișcădaga, Fieni plants</i>) 19.03.2019 (<i>Tașca plant</i>) | HeidelbergCement Romania product certification – Cement Division |
| EN 13043:2002; EN 13042:2002/ AC:2004 | Doaga-Mărășești ballast pit | 24.07.2017 | HeidelbergCement Romania product certification – Aggregates Division |
| EN 13242:2002+A1:2007 | | 30.01.2017 | |
| EN 12620:2002+A1:2008 | | 30.01.2017 | |
| EN 12620:2002+A1:2008 | Cornetu ballast pit | 30.01.2017 | |
| EN 13242:2002+A1:2007 | | 30.01.2017 | |
| EN 12620:2002+A1:2008 | Ghioroc ballast pit | 30.01.2017 | |
| EN 13242:2002+A1:2007 | | 30.01.2017 | |
| EN 13242:2002+A1:2007 | Aciuța II quarry | 24.07.2017 | |



| | | | |
|---|------------------------------|------------|---|
| EN 13043:2002; EN 13042:2002/ AC:2004 | Malnaş quarry | 05.07.2019 | HeidelbergCement Romania product certification – Aggregates Division |
| EN 13242:2002+A1:2007 | | 05.07.2019 | |
| EN 12620:2002+A1:2008 | | 05.07.2019 | |
| EN 13043:2002; EN 13042:2002/ AC:2004 | Iglicioara quarry | 20.07.2018 | |
| EN 13242:2002+A1:2007 | | 20.07.2018 | |
| EN 12620:2002+A1:2008 | | 20.07.2018 | |
| EN 13043:2002; EN 13042:2002/ AC:2004 | Pleşa-Porcenii quarry | 30.01.2017 | |
| EN 13242:2002+A1:2007 | | 30.01.2017 | |
| EN 12620:2002+A1:2008 | | 30.01.2017 | |
| EN 13043:2002; EN 13042:2002/ AC:2004 | Şoimoş quarry | 30.01.2017 | |
| EN 13242:2002+A1:2007 | | 30.01.2017 | |
| EN 12620:2002+A1:2008 | | 30.01.2017 | |
| EN 13043:2002; EN 13042:2002/ AC:2004 | Măgura Sîrbi-Brănişca quarry | 30.01.2017 | |
| EN 13242:2002+A1:2007 | | 30.01.2017 | |
| EN 12620:2002+A1:2008 | | 30.01.2017 | |
| SR EN 206+A1:2017; CP 012/1-2007; NE 014:2002 | Concrete Division | 10.08.2018 | Certification extention HeidelbergCement Romania S. A – Ready-Mix Concrete Division |



We also hold certifications for our products, according to:

- ✔ Performance consistency certificates for cement;
- ✔ Certificate of compliance with plant production control for aggregates and limestone filler;
- ✔ Compliance certificate for concrete.

All certificates are available on the company's website.

| REGULATIONS | NAME | DATE OF CERTIFICATION | DESCRIPTION |
|------------------|--|--|--|
| Regulation (EU) | Regulation (EU) 305/2011, with subsequent amendments and additions | According to the following documents: <ul style="list-style-type: none"> ✔ certificates of continuous performance for products (<i>cement</i>); ✔ certificates of compliance with plant production control (<i>limestone filler and aggregates</i>); ✔ certificates of compliance (<i>concrete</i>); ✔ performance/compliance statements | Regulation on laying down harmonised conditions for the marketing of construction products |
| REACH Regulation | Regulation (EC) No. 1907/2006 | According to safety data sheets, available at www.heidelbergcement.ro | Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Regulation |
| Regulation (EC) | Regulation (EC) No. 1272/2008 | | Classification, labelling and packaging of substances and mixtures regulation |

More information regarding our products and certifications can be found [here](#).



PRODUCT LABELLING

The products manufactured by HeidelbergCement Romania and sold in bags have the following information on the packaging:

HEIDELBERGCEMENT

- ⊕ hazard warnings and precautions;
- ⊕ minimum transport, handling and storage instructions;
- ⊕ indicative recipes;
- ⊕ identification and contact data of the manufacturing plant;
- ⊕ the number and availability of the product performance statement;
- ⊕ CE marking;
- ⊕ information on hexavalent chromium content;
- ⊕ shelf life.



All company products are evaluated in compliance with applicable legal provisions.

The legal provisions on the information that product labels must contain have not been changed in the period 2017-2019.



AWARDS AND AFFILIATIONS

At both Group and local level, we are members of various associations, which represent us in relation to the political environment, the economic environment and the general public.

AT GROUP LEVEL WE ARE PART OF:

ECONSENSE

A network of companies operating internationally with a common goal: to actively shape the transition to a more sustainable economy and society. The German network of companies is a partner and expert forum for dialogue with the government, the scientific community, the media, and society.

GLOBAL CEMENT AND CONCRETE ASSOCIATION

To strengthen the power of innovation and sustainable development globally, in early 2018, HeidelbergCement, along with eight other international companies in the building materials sector, founded the Global Cement and Concrete Association – the world's first such association. One of the most important objectives of the association is to show how construction challenges – for example, in terms of climate change – can be addressed with concrete.

WORLD GREEN BUILDING COUNCIL

Actively engaged since 2019, at the global level, the HeidelbergCement Group officially became a partner of the European Regional Network of the World Council of Green Buildings in 2020. The organisation's objective is to develop certification systems for sustainable construction buildings with its partners so that the design, construction and operation of future buildings would be more sustainable.

EVALUATION RESULTS IN 2019

GDP

In 2019, the HeidelbergCement Group achieved a top ranking by GDP, the company being included in List A – Climate Change, a list that calls pioneer companies, leaders in terms of transparency and environmental performance. In the Water Security category, the company was rated with an A- rating.

ISS-OEKOM

(INSTITUTIONAL SHAREHOLDER SERVICES GROUP OF COMPANIES)

In June 2019, HeidelbergCement was assessed with A+, in the ISS-oekom assessment, a leading provider of corporate governance solutions and responsible investment.

MSCI ESG

HeidelbergCement Group was rated AA (industry leader), in 2019, in the evaluation of ESG factors (environmental, social, corporate governance), an analysis conducted by MSCI, which aims to measure the long-term strength of a company when facing relevant financial risks caused by environmental, social and corporate governance factors.

SUSTAINALYTICS

In the Sustainalytics' environmental, social and corporate governance risk assessment in 2019, HeidelbergCement scored 28.4 points, ranking 12th out of 104 companies in the building materials sector. At the same time, the management of environmental, social and governance material themes has been classified as strong.

50 SUSTAINABILITY CLIMATE LEADERS

SUSTAINABILITY IS A COMPETITION WE CAN WIN

The 50 Climate Leaders Project is the response of the international business community, which wants to demonstrate its desire, leadership and willingness to take effective action in the fight against climate change. HeidelbergCement joined the initiative, making a commitment through the Group's CEO, Dr. Dominik von Achten, that *The world can count on HeidelbergCement*. The claim is supported by the targets the company has set for 2030 (see [Chapter 2.2](#)), aligned with the Sustainable Development Goals, and also by the commitment that by 2050, the cement produced in the company's plants will be carbon neutral. More about our path to this ambitious goal can be found [here](#).

AT LOCAL LEVEL, HEIDELBERGCEMENT ROMANIA IS A PART OF:

- ✔ EMPLOYERS IN THE CEMENT AND OTHER CONSTRUCTION MINERAL PRODUCTS INDUSTRY IN ROMANIA (**CIROM**)
- ✔ EMPLOYER'S ASSOCIATION OF MINERAL AGGREGATES PRODUCERS (**PPAM**)
- ✔ ROMANIAN STANDARDIZATION ASSOCIATION (**ASRO**)
- ✔ GS1 ROMÂNIA
- ✔ FOREIGN INVESTORS COUNCIL (**FIC**)
- ✔ ROMANIAN-GERMAN CHAMBER OF INDUSTRY AND COMMERCE (**AHK**)
- ✔ ROMANIAN-AMERICAN CHAMBER OF COMMERCE (**AMCHAM**)
- ✔ BUCHAREST CHAMBER OF COMMERCE AND INDUSTRY (**CCIB**)

2





**AT THE CORE
OF OUR
SUSTAINABILITY
STRATEGY**



PRINCIPLES AND VALUES

We cultivate transparency and responsibility as priority elements of our business model. We want to grow continuously, with our customers and partners as well as to bring a plus to the community whenever possible. We have been here for 21 years and our plan is to stay long-term, working together to lay the foundations for a sustainable future.

The values describing us are reflected in the Principles of Leadership that govern the way we conduct our day-to-day business.

PARTNERSHIPS

Trust and fairness

The management and the entire team of HeidelbergCement Romania have a common objective: to increase the value of the company. To achieve this goal, the management team and employees act as partners and promote a spirit of corporate citizenship. This cooperation is characterised by integrity, mutual respect and trust, openness and fairness.

PERFORMANCE AND BEING RESULT-ORIENTED

Achieving superior performance with rigorous benchmarking

Our objective is to be a benchmark in the cement industry due to cost-effective operational performance. A corporate culture of performance and focus on results is essential for us.

CUSTOMER ORIENTATION

As many benefits as possible for customers

In a competitive market environment, we must ensure and inspire confidence in our products and services, to each individual customer, for each project, day in and day out.

SUSTAINABLE DEVELOPMENT

Taking responsibility

Sustainable development is part of HeidelbergCement's corporate strategy. We are therefore committed to creating safe and healthy workplaces for our employees and to making continuous progress in the field of environmental protection.

PROFESSIONAL, SOCIAL AND MANAGERIAL COMPETENCE

Competence as a success factor

Successful entrepreneurial activities require a high level of professional, social and managerial competence. Efficiency and rapid implementation are decisive factors in this respect.

BEING A ROLE MODEL

The power of example

Mutual trust is an essential condition for achieving dedication and success. Our managers are role models due to their leadership and management skills, as well as their personal behaviour.

COMMUNICATION AND INFORMATION

Creating transparency

Successful, active, and reliable partnerships are based on effective communication and information.

COMMITMENT

Inspire yourself and others

The company can only be successful and competitive in the long term through employees who are dedicated and fully committed to their workplace and the company's objectives. Therefore, everyone's commitment and willingness to take on responsibilities are extremely important.

EMPLOYEE DEVELOPMENT

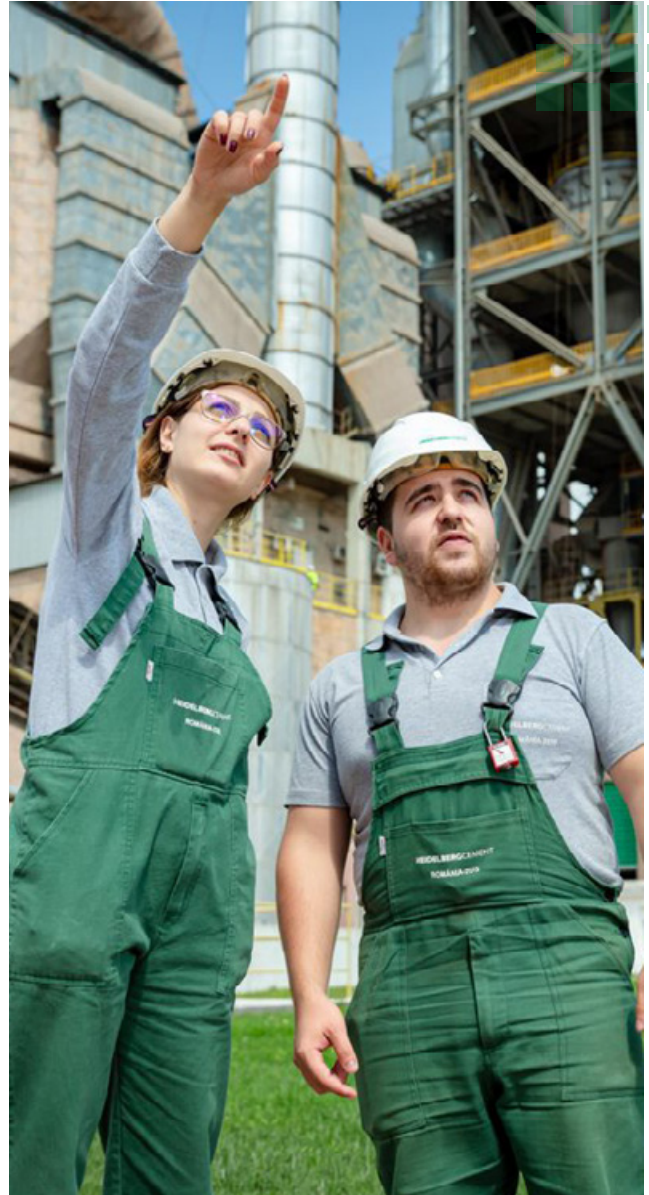
Challenge and support

We rely on committed and competent employees and an excellent management team. People who take ownership of the tasks entrusted to them. Personal development is not only about supporting employees, but also challenging them.

EVALUATION AND FEEDBACK

Development and performance through feedback

HeidelbergCement's success depends on the competence, performance, and achievements of its employees. As a result, managers regularly evaluate employee performance and provide appropriate feedback.





At Group level, we are a signatory member of the United Nations Global Compact (UNGC). Thus, at HeidelbergCement Romania we undertook to respect and implement, in all our activities, the 10 principles of UNGC:

HUMAN RIGHTS

BUSINESSES SHOULD:

- P1: support and respect the protection of internationally proclaimed human rights; and
- P2: make sure that they are not complicit in human rights abuses.

LABOUR

BUSINESSES SHOULD UPHOLD:

- P3: the freedom of association and the effective recognition of the right to collective bargaining;
- P4: the elimination of all forms of forced and compulsory labour;
- P5: the effective abolition of child labour; and
- P6: the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

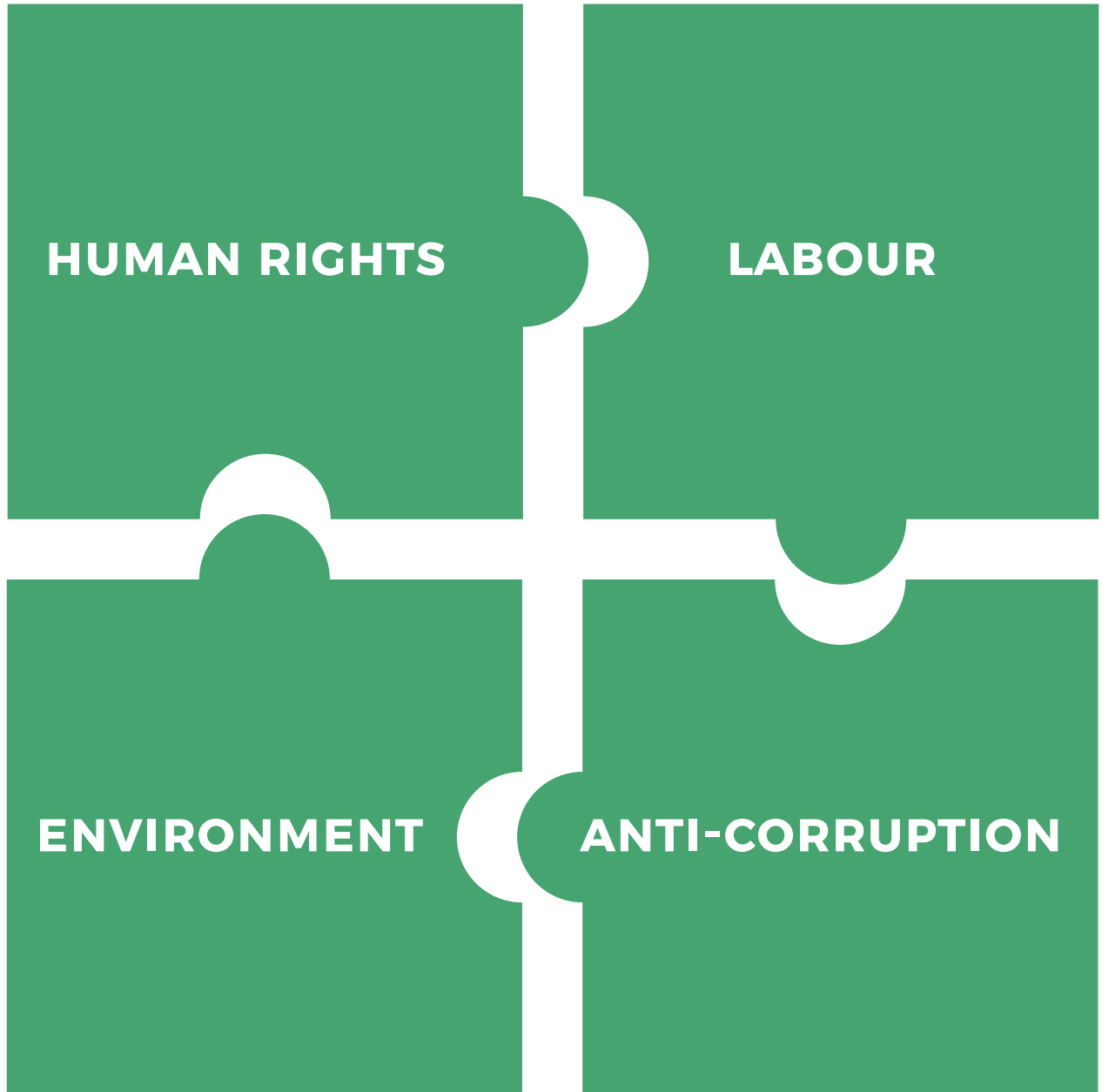
BUSINESSES SHOULD:

- P7: support a precautionary approach to environmental challenges;
- P8: undertake initiatives to promote greater environmental responsibility;
- P9: encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

BUSINESSES SHOULD:

- P10: work against corruption in all its forms, including extortion and bribery.





SUSTAINABILITY COMMITMENTS

2030

The success of our business is closely linked not only to our financial performance, but also to how we manage to reduce the impact we have on the environment and the value we bring to the communities where we operate.

Thus, the sustainable development and consistent growth of the company depend to a large extent on our immediate actions and the achievement of the long-term goals.

The 2030 Sustainability Commitments, undertaken by HeidelbergCement across the entire company, define the key themes and fundamental principles of our sustainable development strategy. Thus, the company has set clear targets and objectives to be met by 2030.

DRIVING ECONOMIC STRENGTH AND INNOVATION

OUR OBJECTIVES

- + We use all resources as efficiently as possible and target to earn a premium on our cost of capital.
- + We will spend 80% of our product R&D budget on the development of more sustainable products.
- + We are active in Green Building Councils and similar organisations in order to drive innovation of sustainable products together with our customers.



ENSURING COMPLIANCE AND CREATING TRANSPARENCY

OUR OBJECTIVES

- + We ensure compliance with international human rights, anti-corruption and labour standards through internal control and risk management systems, such as internal audits and a whistle-blower hotline.
- + We ensure that our suppliers comply with our Supplier Code of Conduct.
- + We ensure that each position is staffed with the most qualified person, independent from gender, origin, beliefs, and/or orientation.





ACHIEVING EXCELLENCE IN OCCUPATIONAL HEALTH AND SAFETY

OUR OBJECTIVES

- ⊕ We will achieve zero fatalities.
- ⊕ We will achieve zero lost time injuries.



ENABLING THE CIRCULAR ECONOMY

OUR OBJECTIVES

- ⊕ We will continuously increase the substitution rate of natural raw materials by using by-products or recycled materials.



BEING A GOOD NEIGHBOUR

OUR OBJECTIVES

- ⊕ We maintain open and transparent communication about our activities and performance.
- ⊕ We help improve the level of education and living conditions in neighbouring communities.
- ⊕ We offer one hour of voluntary community work per full-time employee per year.



REDUCING OUR ENVIRONMENTAL FOOTPRINT

OUR OBJECTIVES

Emissions

- ⊕ We will reduce our carbon footprint by 30% compared to 1990.
- ⊕ We will increase the alternative fuels rate to 30%.
- ⊕ We will reduce cement production related SO_x and NO_x emissions by 40% and dust by 80% compared to 2008.
- ⊕ We will permanently reduce all other air emissions below cement industry average.

Water

- ⊕ We aim to reduce water consumption at all operational sites as far as economically and technologically feasible.
- ⊕ We aim to implement water management plans at all sites located in water scarce areas and aggregate them on a country level to form a water reduction master plan.
- ⊕ On Group level, all efforts will be combined in a global strategic water consumption reduction plan.

Land use

- ⊕ All our extraction sites are operated based on an after-use plan agreed with local authorities and in accordance with the needs of local communities.
- ⊕ We aim to include biodiversity enhancement recommendations in any new after-use plan.
- ⊕ We want to implement a biodiversity management plan at extraction sites within or in direct connection to nature conservation areas.
- ⊕ In case of nature-oriented after-use plans, we aim to achieve a positive impact on the biodiversity value at our extraction sites.





OUR PROGRESS IN 2019

| DOMAIN | 2030 TARGET | 2019 STATUS | | PROGRESS |
|---|--|-------------|------------------------|-----------------|
| 1. Economic power and innovation | 100% of our sites to use quality management systems | Cement | 100% | Target achieved |
| | | Ready-mix | 100% | Target achieved |
| | | Aggregates | 91.66% (11* out of 12) | In progress |
| | 100% of our sites to use environmental management systems | Cement | 100% | Target achieved |
| | | Ready-mix | 100% | Target achieved |
| | | Aggregates | 91.66% (11* out of 12) | In progress |
| | 100% of our sites to use Occupational Health&Safety management systems | Cement | 100% | Target achieved |
| | | Ready-mix | 100% | Target achieved |
| | | Aggregates | 91.66% (11* out of 12) | In progress |
| | 100% of our sites to use energy management systems | Cement | 100% | Target achieved |
| | | Ready-mix | 100% | Target achieved |
| | | Aggregates | 91.66% (11* out of 12) | In progress |
| 100% of MBOs to include Sustainability Commitments 2030 related target(s) | | 100% | Target achieved | |

This refers to Vorța quarry, where only the overburden removal took place in 2019.



| DOMAIN | 2030 TARGET | 2019 STATUS | | PROGRESS |
|--|--|-------------|---|---------------------------|
| 2. Excellence in occupational health and safety | Reduce the number of work-related accidents (LTI*) to 0 <i>(annual target)</i> | Cement | 1 | Target partially achieved |
| | | Ready-mix | 0 | Target achieved |
| | | Aggregates | 0 | Target achieved |
| | Reduce the number of fatalities to 0 <i>(annual target)</i> | Cement | 0 | Target achieved |
| | | Ready-mix | 0 | Target achieved |
| | | Aggregates | 0 | Target achieved |
| | Implement Cardinal Rules** at 100% of our sites | 100% | | Target achieved |
| | | | | Target achieved |
| | | | | Target achieved |
| | Implement Occupational Health&Safety Master Plans at all our sites | 100% | | Target achieved |

*Lost time injury (LTI) - incident that leads to disability or absence of an employee from work.

**Cardinal Rules are a set of occupational health and safety rules that all our employees and contractors must comply within the workplace.





| DOMAIN | 2030 TARGET | 2019 STATUS | | PROGRESS |
|---|--|-------------------------|-----------------------|-----------------|
| 3. Reduce environmental impact (emissions, water, biodiversity) | To reduce NO _x and SO _x emissions by 40% and dust emissions from industrial kilns by 80%, compared to 2008 | NO _x | 40.37% | Target achieved |
| | | SO _x | 56.63% | Target achieved |
| | | Dust | 58.38% | In progress |
| | 100% of all kilns in the country to be equipped with continuous measurement devices for NO _x , SO _x and PM | 100% (4 out of 4 kilns) | | Target achieved |
| | Spot measurements for total organic carbon (TOC) emissions, persistent metals, and organic pollutants (POP) at 100% of our kilns | 50% (2 out of 4 kilns) | | In progress* |
| | To have an efficiency-oriented water recording system for 100% of our sites | Cement | 100% | Target achieved |
| | | Ready-mix | 100% | Target achieved |
| | | Aggregates | 66.66% (8 out of 12) | In progress |
| | 100% of our sites to comply with the provisions of the <i>World Business Council for Sustainable Development - WASH Pledge</i> | Cement | 100% | Target achieved |
| | | Ready-mix | 100% | Target achieved |
| | | Aggregates | 91.66% (11 out of 12) | In progress |
| | To have after-use-plans for 100% of our extraction sites | 100% | | Target achieved |
| To have a Biodiversity Management Plan for 100% of our extraction sites located in proximity (=1 km) to legally protected Nature Conservation Areas | 62.5% (2 out of 3 Cement Division 3 out of 5 Aggregates Division) | | In progress | |

*TOC and heavy metal measurements are performed annually at all kilns. According to the Integrated Environmental Authorization from Tașca (2 kilns), persistent organic pollutants measurements must be performed every 3 years.

| DOMAIN | 2030 TARGET | 2019 STATUS | PROGRESS |
|--------------------------------|--|--|-----------------|
| 4. Circular economy | <p>Increase the rate of recycled materials or by-products used in production</p> <ul style="list-style-type: none"> - secondary materials used in the production of clinker - clay, limestone, etc. - materials from other industrial processes and cement production - supplementary cementitious materials like fly ash, slag, etc. - materials resulting from the production of aggregates (e.g., crushed concrete from demolition and concrete production) | 34.6% | In progress |
| 5. A good neighbour | At least 1.000 paid hours to be spent by our employees working on community projects | New target | In progress |
| | <p>Community engagement plans for 100% of key sites (cement plants)</p> <p>(Key sites = with major impact on the local environment due to high production rates or local political importance)</p> | <p>100 % (3 out of 3 cement plants)</p> <p>For all three plants there are implemented stakeholder engagement projects, in the form of meetings that take place twice a year with representatives of the local communities of Fieni, Chişcădaga and Taşca</p> | Target achieved |
| | <p>Implement community development programs</p> <p>(=programmes that help to improve the level of education and the quality of life and living conditions in the surrounding communities, in accordance with our Corporate Citizenship Policy)</p> | <p>3 programs implemented</p> <p>(Apprenticeship Program, 'Start pentru o carieră BETON' (Start for a SOLID career), Reopening of the Paediatric Section of the Pucioasa City Hospital)</p> | Target achieved |
| | Support for communities | <p>3,575,689 lei</p> <p>(value of community investments in 2019)</p> | Target achieved |
| 6. Compliance and transparency | 100% of relevant employees to participate in compliance training sessions (annual target) | 100% (473 out of 473) | Target achieved |
| | Memberships in (industrial) advocacy organisations | HeidelbergCement Romania is part of 9 local business organisations or associations | Target achieved |
| | 20% of Top and Senior Management positions to be occupied by women | 10% (2 out of 20) | In progress |



MATERIAL TOPICS

The material topics that guided us in the development of the sustainability report were determined based on the materiality assessment process that took place in the previous years.

The material topics are updated annually, during our stakeholder engagement meetings, through the discussions we have with representatives of the communities where our cement plants are located.

The materiality matrix was built on the results of the economic, social, and environmental impact analysis carried out by specialists and managers within the company.

At the same time, the topics assessed by them were subject to external stakeholder consultation (employees, authorities, suppliers, customers, media, NGOs and local communities' representatives), who prioritised them according to their importance and influence level in their decision-making processes.

ENVIRONMENTAL TOPICS

1. Energy
2. Water
3. Biodiversity
4. Emissions
5. Effluents and waste
6. Products and services
7. Environmental compliance
8. Supplier environmental assessment



ECONOMIC TOPICS

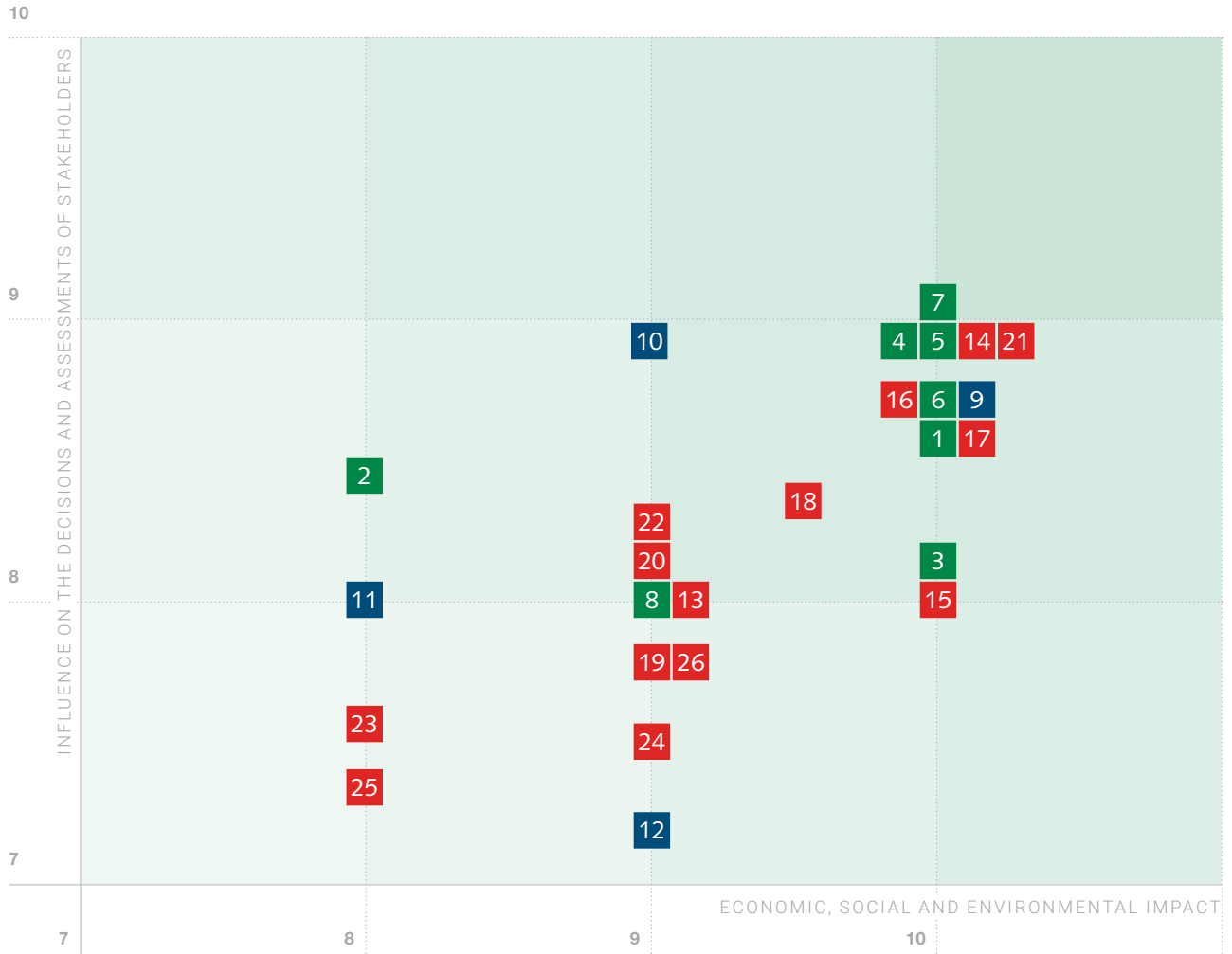
9. Economic performance
10. Market presence
11. Indirect economic impact
12. Purchasing practices



SOCIAL TOPICS

13. Local communities
14. Anti-corruption
15. Anti-competitive behaviour
16. Socio-economic compliance
17. Customer health and safety
18. Marketing and labelling
19. Employment
20. Labour – management relations
21. Occupational health and safety
22. Training and education
23. Diversity and equal opportunity
24. Supplier social assessment
25. Freedom of association and collective bargaining
26. Supplier human rights assessment





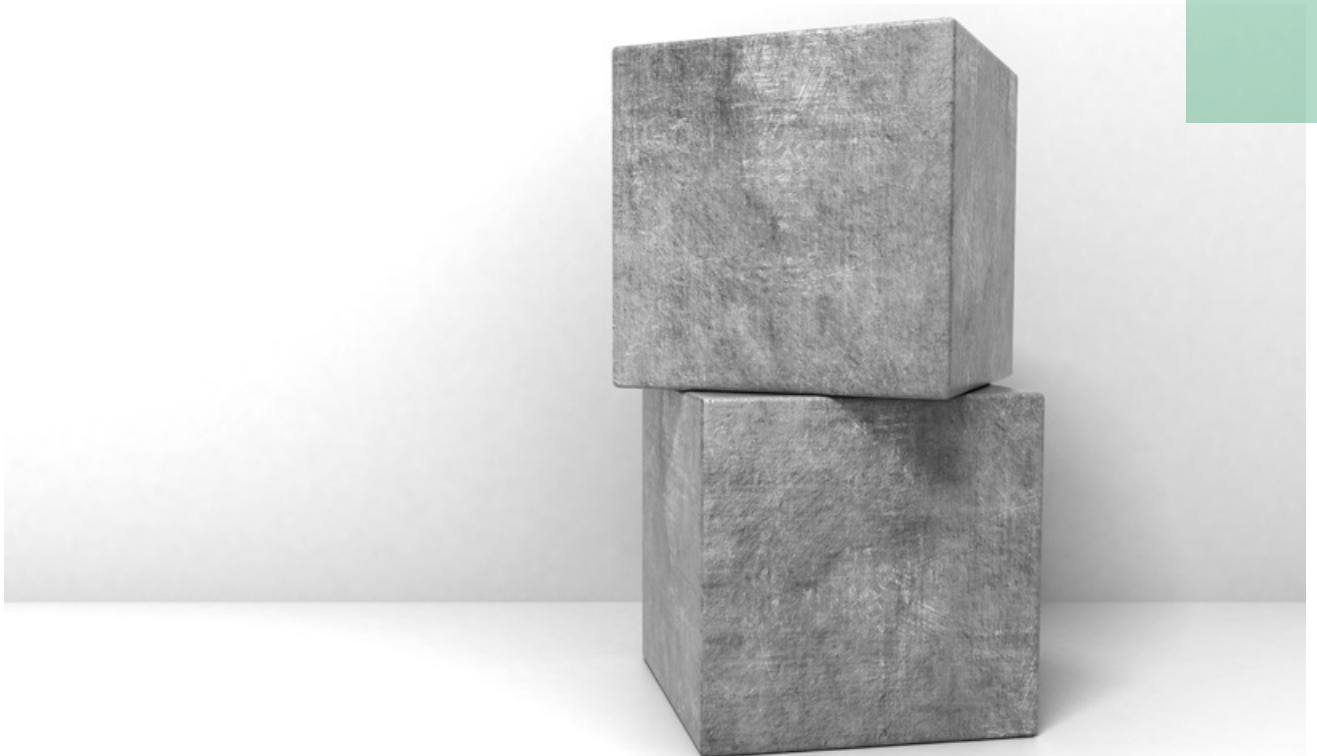


| NO. | MATERIAL TOPIC | IMPACT BOUNDARIES | |
|-----------------------------|-----------------------------------|-------------------|-------------------|
| | | DIRECT IMPACT* | INDIRECT IMPACT** |
| ENVIRONMENTAL TOPICS | | | |
| 1 | Energy | ✓ | ✓ |
| 2 | Water | ✓ | ✓ |
| 3 | Biodiversity | ✓ | |
| 4 | Emissions | ✓ | ✓ |
| 5 | Effluents and waste | ✓ | |
| 6 | Products and services | ✓ | ✓ |
| 7 | Environmental compliance | ✓ | |
| 8 | Supplier environmental assessment | ✓ | ✓ |
| ECONOMIC TOPICS | | | |
| 9 | Economic performance | ✓ | ✓ |
| 10 | Market presence | ✓ | ✓ |
| 11 | Indirect economic impact | ✓ | ✓ |
| 12 | Purchasing practices | ✓ | ✓ |
| SOCIAL TOPICS | | | |
| 13 | Local communities | ✓ | |
| 14 | Anti-corruption | ✓ | ✓ |
| 15 | Anti-competitive behaviour | ✓ | ✓ |
| 16 | Socio-economic compliance | ✓ | ✓ |
| 17 | Customer health and safety | ✓ | |
| 18 | Marketing and labelling | ✓ | ✓ |
| 19 | Employment | ✓ | |

| | | | |
|----|--|---|---|
| 20 | Labour – management relations | ✓ | |
| 21 | Occupational health and safety | ✓ | |
| 22 | Training and education | ✓ | |
| 23 | Diversity and equal opportunity | ✓ | ✓ |
| 24 | Supplier social assessment | ✓ | |
| 25 | Freedom of association and collective bargaining | ✓ | |
| 26 | Supplier human rights assessment | ✓ | ✓ |

**Direct impact refers to the impact generated from the company's activities.*

***Indirect impact refers to the impact that arises due to relationships with partners, customers, suppliers.*





STAKEHOLDER ENGAGEMENT

| CATEGORY | COMMUNICATION CHANNELS | TOPIC | HOW WE ENGAGE |
|-------------|--|--|--|
| Employees | <ul style="list-style-type: none"> ⊕ Internal magazine ⊕ Intranet ⊕ Meetings ⊕ Regular information ⊕ Internal communication campaigns ⊕ SpeakUp line | Emissions, Products and Services, Environmental Compliance, Economic Performance, Market Presence, Local Communities, Anti-Corruption, Anti-Competitive Behaviour, Socio-economic Compliance, Employment, Labour – management Relations, Occupational Health and Safety, Training and Education, Diversity and Equal Opportunities, Freedom of Association and Collective Bargaining | <ul style="list-style-type: none"> ✔ “Solid teams” mini-football championship ✔ Promoting volunteer actions ✔ HeidelbergCement Romania apprenticeship program ✔ Start for a SOLID career ✔ Career development plan ✔ Performance driven competitions |
| Authorities | <ul style="list-style-type: none"> ⊕ Annual financial report ⊕ Regular specific reports (e.g., <i>environmental report</i>) ⊕ Sustainability report | Energy, Water, Biodiversity, Emissions, Effluents and Waste, Products and Services, Environmental Compliance, Supplier Environmental Assessment, Economic Performance, Indirect Economic Impact, Purchasing Practices, Anti-Corruption, Anti-Competitive Behaviour, Socio-economic Compliance, Customer Health and Safety, Marketing and Labelling, Occupational Health and Safety, Supplier Social Assessment, Supplier Human Rights Assessment | <ul style="list-style-type: none"> ✔ Strict compliance with legislation in force ✔ Taxes and duties ✔ Supporting infrastructure projects through material donations ✔ Participation in platforms for projects of common interest ✔ Contribution to the development of local communities ✔ Investments in education, infrastructure, sports, health |

| | | | |
|-------------------------|--|--|---|
| <p>Suppliers</p> | <ul style="list-style-type: none"> ⊕ Meetings ⊕ E-mail ⊕ Annual financial report ⊕ Sustainability report | <p>Emissions, Products and Services, Supplier Environmental Assessment, Economic Performance, Indirect Economic Impact, Purchasing Practices, Anti-Corruption, Anti-Competitive Behaviour, Socio-economic Compliance, Customer Health and Safety, Marketing and Labelling, Supplier Social Assessment, Supplier Human Rights Assessment</p> | <ul style="list-style-type: none"> ✔ Supporting local suppliers ✔ Long-term partnerships |
| <p>Customers</p> | <ul style="list-style-type: none"> ⊕ E-mail ⊕ Social media ⊕ Meetings ⊕ Website | <p>Energy, Water, Biodiversity, Emissions, Effluents and Waste, Products and Services, Environmental Compliance, Economic Performance, Indirect Economic Impact, Anti-Corruption, Anti-Competitive Behaviour, Socio-economic Compliance, Customer Health and Safety, Marketing and Labelling</p> | <ul style="list-style-type: none"> ✔ Expanding product portfolio ✔ Certification of our products and plants ✔ Ensuring availability of product user manuals on the company's website ✔ Ensuring availability of design guides on the company's website ✔ Supporting the Construction Academy platform (<i>Concrete and Masonry Mortars sections</i>) |
| <p>Media</p> | <ul style="list-style-type: none"> ⊕ E-mail ⊕ Press releases ⊕ Interviews | <p>Energy, Water, Biodiversity, Emissions, Effluents and Waste, Products and Services, Environmental Compliance, Supplier Environmental Assessment, Economic Performance, Market Presence, Indirect Economic Impact, Local Communities, Anti-Corruption, Anti-Competitive Behaviour, Customer Health and Safety, Employment, Occupational Health and Safety, Diversity and Equal Opportunities</p> | <ul style="list-style-type: none"> ✔ The Community Advisory Panel "Sfatul Bătrânilor" ✔ Press conferences ✔ Open Days |



| | | | |
|---------------------------------|--|---|---|
| <p>NGO's</p> | <ul style="list-style-type: none"> ⊕ E-mail ⊕ Events ⊕ Sustainability report | <p>Energy, Water, Biodiversity, Emissions, Effluents and Waste, Products and Services, Environmental Compliance, Supplier Environmental Assessment, Economic Performance, Indirect Economic Impact, Local Communities, Anti-Corruption, Socio-economic Compliance, Customer Health and Safety, Employment, Labour – management relations, Occupational Health and Safety, Training and Education, Diversity and Equal Opportunities, Supplier Social Assessment, Freedom of Association and Collective Bargaining, Supplier Human Rights Assessment</p> | <ul style="list-style-type: none"> ✔ Project partnerships for members of local communities ✔ Involvement by allocating human or financial resources ✔ Donations and sponsorships ✔ Open Days |
| <p>Local communities</p> | <ul style="list-style-type: none"> ⊕ Events ⊕ Social media ⊕ Regular direct consultation ⊕ Sustainability report | <p>Water, Biodiversity, Emissions, Effluents and Waste, Environmental Compliance, Economic Performance, Market Presence, Indirect Economic Impact, Purchasing Practices, Local Communities, Socio-economic Compliance, Employment, Occupational Health and Safety</p> | <ul style="list-style-type: none"> ✔ Quarry Life Award competition ✔ Consultations with representatives of local communities (<i>"Sfatul Bătrânilor"</i>) ✔ Financial or material support for local development projects ✔ Investments to reduce environmental impact ✔ "Young Environment Guardians" project ✔ "Access to education" project |

The dialogue with local communities is also maintained through events organised twice a year, since 2011. With the aim of creating an initiative group consisting of the local communities' representatives, the community advisory council "Sfatul Bătrânilor" brought together more than 50 participants in the 2019 editions in Tașca, Chișcădaga and Fieni.

Each of these meetings is an effective way of identifying, together with local community representatives, the most pressing issues they face and the existing opportunities that should be addressed. At the same time, the meetings are an extremely important source of feedback for the company, allowing us to constantly review and improve our activity.







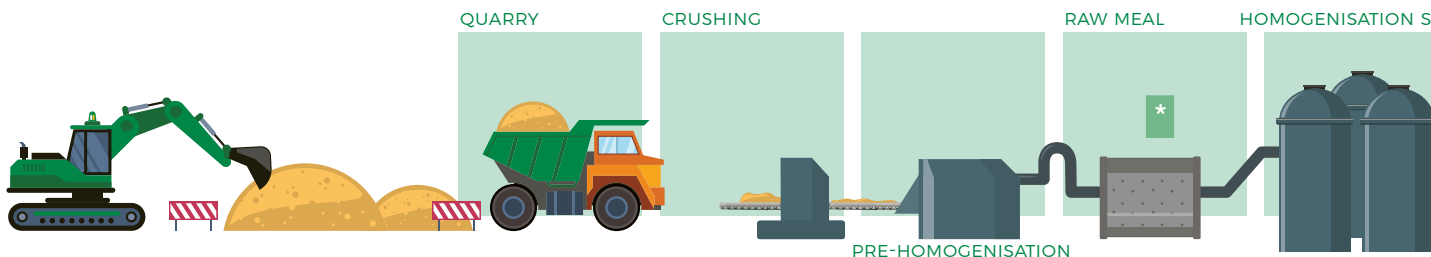
**OUR LONG-TERM
COMMITMENT
TO THE
ENVIRONMENT**



Environmental protection is one of the fundamental priorities of HeidelbergCement Romania's sustainable development strategy.

We are aware that our activity has an impact on the environment, which is why we are constantly investing in equipment and technologies that aim to reduce and minimise the environmental impact we have. Continuous monitoring of environmental indicators and access to real-time data are key tools of our decision-making process.

All projects, measures and initiatives implemented at company level are strictly linked to the sustainability commitments we took, to conserve natural resources and ecosystems, to improve our energy efficiency and fight climate change. Thus, between 1998 and 2019, the total value of the environmental investments directed towards our cement plants exceeded 48 million euro.



ENVIRONMENTAL IMPACT IN CEMENT PRODUCTION

QUARRY

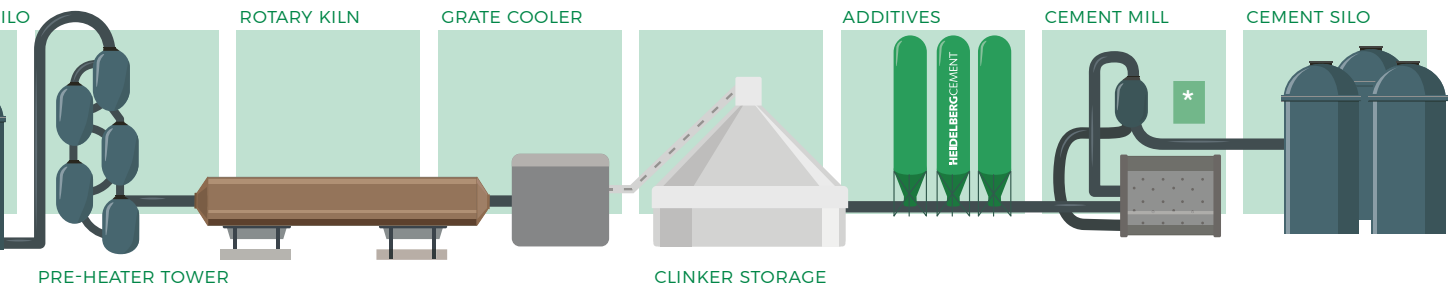
- + noise
- + vibration
- + impact on the landscape
- + consumption of raw materials:
 - limestone
 - clay
 - gypsum.

CLINKER PRODUCTION

- + dust
- + gases: NO_x , SO_2 , CO_2 , micro-pollutant
- + noise
- + fuel consumption
- + electricity consumption.

GRINDING *

- + dust
- + noise
- + electricity consumption.





MATERIALS AND RESOURCES

Our activity involves the use of a significant amount of raw materials. Our objective is to use all these natural resources responsibly, introducing as much alternative fuels and materials as possible in the production processes.

CEMENT DIVISION

CEMENT PRODUCTION PROCESS

Cement production begins in quarries with the excavation of limestone and clay. These are crushed, transported to the plant by conveyor belt systems and/or by rail and then finely grounded together with other raw materials containing iron and/or silica. Each of these components is carefully dosed and analysed to comply with the raw meal preparation recipe, which is placed in the kiln to obtain the clinker.

The raw meal, heated in the rotary kiln at a temperature of up to 1,450°C, is transformed by sudden cooling into a new, crystalline, granular-looking material called Portland clinker, which is an intermediate – but essential – product in cement production.

After grinding the clinker, together with a well-controlled, very fine dosages of gypsum and manufacturing additives (slag, limestone, etc.), the final product – cement – is obtained. The cement is then stored in silos and delivered to customers in bags or in bulk, in specialised trucks.

To reduce the amount of natural raw materials used in the clinker production and cement grinding processes, we use alternative raw materials based on waste or by-products from other industries, strictly ensuring that the final product fully complies with the requirements imposed by the European product standard SR EN 197-1:2011.

RMC DIVISION

Concrete is a building material obtained by hardening a homogeneous and well-defined mixture of cement, a mixture of aggregates (sand, gravel, chippings, etc.), water and additives. The final characteristics of concrete develop by hydrating the cement. Concrete production is carried out by energetic mixing of components in specialised stations or, for less important applications, in small on-site mixers. In concrete production, the proportion of raw materials (cement, aggregates, water and additives), as well as their homogeneous mixing are always particularly important.

AGGREGATE DIVISION

We produce crushed and natural aggregates by extracting them from the mountain, through drilling and blasting operations (in the case of quarries) or extraction from rivers or lakes with the help of absorbent dredgers (in the case of ballast pits). After extraction, the raw rock resulting from blasting (in the case of quarries), respectively the ballast (in the case of ballast pits), are transported by conveyors belts

or by trucks to the processing station within each operation site. Finished products, respectively various granulometric sorting are obtained there by crushing, sorting and, where appropriate, even by washing. They are stored in paddocks and delivered to the beneficiary, depending on orders.

| MATERIALS USED IN OPERATIONS | 2018 | 2019 |
|--|-------------|-------------|
| Raw materials (t) (fuels, limestone, marl, clay, gypsum, cement, aggregates) | 5,141,822 | 5,722,356 |
| Other materials (t) (including refractory bricks and concrete and other grinding materials) | 1,967 | 2,374 |
| Packaging materials (t) | 3,446 | 3,614 |
| Alternative raw materials (t) (includes pyrite ash, foundry sand, blast furnace slag) | 406,891 | 509,171 |
| Water (m ³) | 1,496,277 | 1,449,222 |





WASTE FROM OPERATIONS

CEMENT DIVISION

In 2019, at the level of the Cement Division we placed about 3,614 tons of packaging materials on the national market. The recovery target set by [Law 249/2015](#) - 60%, was achieved through organisations implementing the extended liability of producers and for wood packaging, partly through a company providing recycling services for this type of material.

| PACKAGING MATERIALS PLACED ON THE NATIONAL MARKET (T) | 2019 |
|--|----------------|
| Plastic | 354.5 |
| Paper | 2,221.6 |
| Wood | 1,038.3 |
| TOTAL | 3,614.4 |

| RECYCLED WASTE (T) | 2018 | 2019 |
|--|-------------|-------------|
| Packaging materials* | 273.59 | 297.4 |
| Aluminium | 0.44 | 2.16 |
| Lighting fixtures | 0.071 | 0.304 |
| Demolition waste | 1,802.18 | 1,900.4 |
| Scrapped electrical equipment 16 02 14 | 30.16 | 4.3 |
| Used refractory materials 16 11 06 | 3.4 | 60.14 |
| Metal materials 17 04 05 | 1,727.366 | 1,099.17 |
| Metal turnings 12 01 01 | 21.2 | 26.57 |
| Copper, bronze, brass 17 04 01 | 2.52 | 0.0046 |

* packaging materials recovered on-site and with the help of a third party (damaged wood pallets on the sites of cement plants, which were scrapped and then recycled through a specialised company).



| WASTE DISPOSAL (TREATMENT) METHOD* | 2018 (т) | | 2019 (т) | |
|---------------------------------------|------------------------------------|---|------------------------------------|---|
| | TOTAL AMOUNT OF HAZARDOUS WASTE | TOTAL AMOUNT OF NON-HAZARDOUS WASTE | TOTAL AMOUNT OF HAZARDOUS WASTE | TOTAL AMOUNT OF NON-HAZARDOUS WASTE |
| Reuse | 0 | 2.12 | 0 | 0 |
| Recycle | 0.071 | 3,860.86 | 0.384 | 3,390.15** |
| Storage | 161.24 | 262,080.49 | 79.97*** | 163,013.36**** |
| Co-processing | 0 | 38.91 | 0 | 38.08***** |
| TOTAL WASTE | 161.31 | 265,982.37 | 80.35 | 166,441.58 |

* waste generated on-site for cement plants; their disposal or recovery was carried out through authorised companies

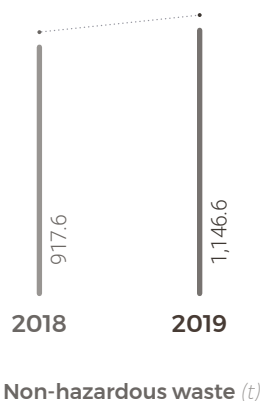
** includes packaging materials, used refractory materials, ferrous metals, metal turnings, demolition waste

***asbestos cement plates resulting from the renovation of certain buildings within the company's premises

**** colliery spoil stored in dumps, in limestone quarry in proximity to a cement plant, used refractory materials, laboratory solutions, mixed municipal waste

*****textiles (bag filter), plastic, paper (e.g., from cement bags damaged during transport), conveyor belts (rubber)

RMC DIVISION





AGGREGATE DIVISION

| WASTE DISPOSAL (TREATMENT) METHOD | 2018 (t) | | 2019 (t) | |
|--------------------------------------|--------------------------------------|--|--------------------------------------|--|
| | TOTAL QUANTITY OF HAZARDOUS WASTE | TOTAL QUANTITY OF NON-HAZARDOUS WASTE | TOTAL QUANTITY OF HAZARDOUS WASTE | TOTAL QUANTITY OF NON-HAZARDOUS WASTE |
| Storage in special warehouses | - | 76,308.6 | - | 214,924.82 |
| Recovery R 12 ² | 2,479 | 61.71 | 2,155 | 96.52 |
| Recovery R 1 ³ | - | 2.11 | - | 5.98 |
| TOTAL WASTE | 2,479 | 76,372.41 | 2,155 | 215,027.32 |



ENERGY CONSUMPTION

CEMENT DIVISION

Cement production is a process that requires high energy consumption, especially fuel for powering the clinker kilns, thus generating significant amounts of CO₂ emissions. Therefore, we have constantly invested, since our entry into the Romanian market, in new equipment and technologies that make energy consumption more efficient in our production processes.

ENERGY INTENSITY

$$\text{Energy intensity 2018} = \frac{\text{total energy consumption 2018}}{\text{total value of annual production 2018}} = \frac{212,854}{1,020,744,813} = \mathbf{0.2085} \text{ toe/ thousands of lei}$$

$$\text{Energy intensity 2019} = \frac{\text{total energy consumption 2019}}{\text{total value of annual production 2019}} = \frac{259,427}{1,267,652,533} = \mathbf{0.2047} \text{ toe/ thousands of lei}$$

1 toe = 11.63 MWh

**Although energy consumption increased slightly in 2019 compared to previous years, energy intensity decreased by about 2% compared to 2018.*

THE INFORMATION PRESENTED IS NOT AS DETAILED AS REQUIRED BY THE STANDARD DUE TO THE FACT THAT IT REPRESENTS CONFIDENTIAL INFORMATION, AND ITS DISCLOSURE COULD GENERATE A COMPETITIVE DISADVANTAGE.



WASTE ENERGY RECOVERY

Waste energy recovery (co-processing) in the cement industry is a safe process through which more than 100 types of waste are converted, under optimal conditions, into alternative fuel. Co-processing waste in cement plants is one of the most effective solutions for protecting natural resources and properly managing existing waste, turning it into alternative resources for the cement production process. Introduced over 15 years ago in Romania, based on European legislation recommending it as a superior method of waste treatment, compared to incineration or disposal by storage, co-processing ensures the recycling of mineral content and the waste energy recovery at the same time.

Burning it in the clinker kilns ensures optimal conditions for waste recovery by:

- ⊕ high temperatures of the material and gases: 2,000°C in the flame area
- ⊕ the relatively long contact time of the material with the gases at high temperatures and the oxidising atmosphere in the kilns
- ⊕ the organic composition of the waste is destroyed, producing heat by combustion, while the mineral composition is recycled, being chemically integrated into the structure of the clinker. Thus, no slags or ash result from the combustion of fuels to produce clinker.



Using waste as alternative fuels in the cement industry thus solves a double problem:

1. reduces greenhouse gas emissions and
2. helps recover waste generated by other industries and activities.

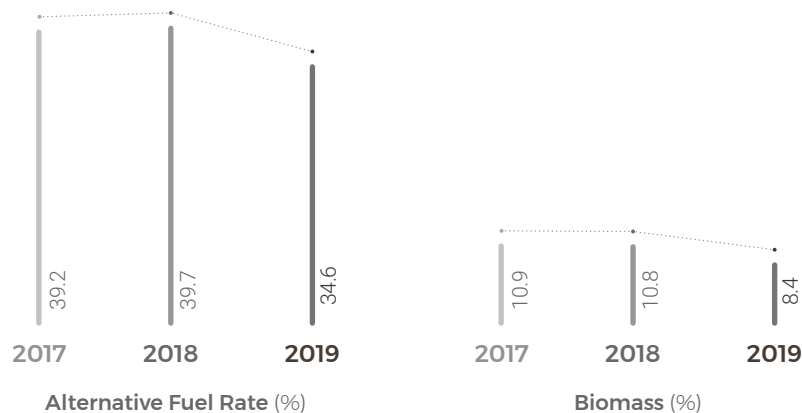
The use of waste in the production process in HeidelbergCement Romania's three cement plants complies with the applicable national and European legislation, as well as strict standards imposed throughout the HeidelbergCement Group. Therefore:

- ⊕ we do not use alternative fuels if they could have a negative impact on human health, the environment or the local community;
- ⊕ we only use waste and alternative fuels with well-known origins, that strictly meet our acceptance criteria, available on request;

- ⊕ we do not use waste as alternative fuels if there are more environmentally friendly recovery solutions;
- ⊕ we do not use alternative fuels if the emissions resulting from their combustion are higher than the emissions from the combustion of traditional fuels;
- ⊕ before being used in our kilns, all waste is subjected to rigorous tests in terms of physio-chemical characteristics. Full analyses are mandatory when beginning to use each new type of waste and along the way, as an average sample, on certain quantities;
- ⊕ the co-incineration activity is strictly regulated by the permits issued by the competent authorities. Dust emissions are continuously monitored.

In the last 15 years only 1% of the total amount of industrial waste processed in our cement plants was sourced outside Romania. In addition, we did not and do not import hazardous waste.

| TOTAL ROMANIA | 2017 | 2018 | 2019 |
|---|-------------|-------------|-------------|
| Alternative Fuel Rate (%) | 39.2% | 39.7% | 34.6% |
| Biomass (percentage of total heat consumption in kilns) | 10.9% | 10.8% | 8.4% |





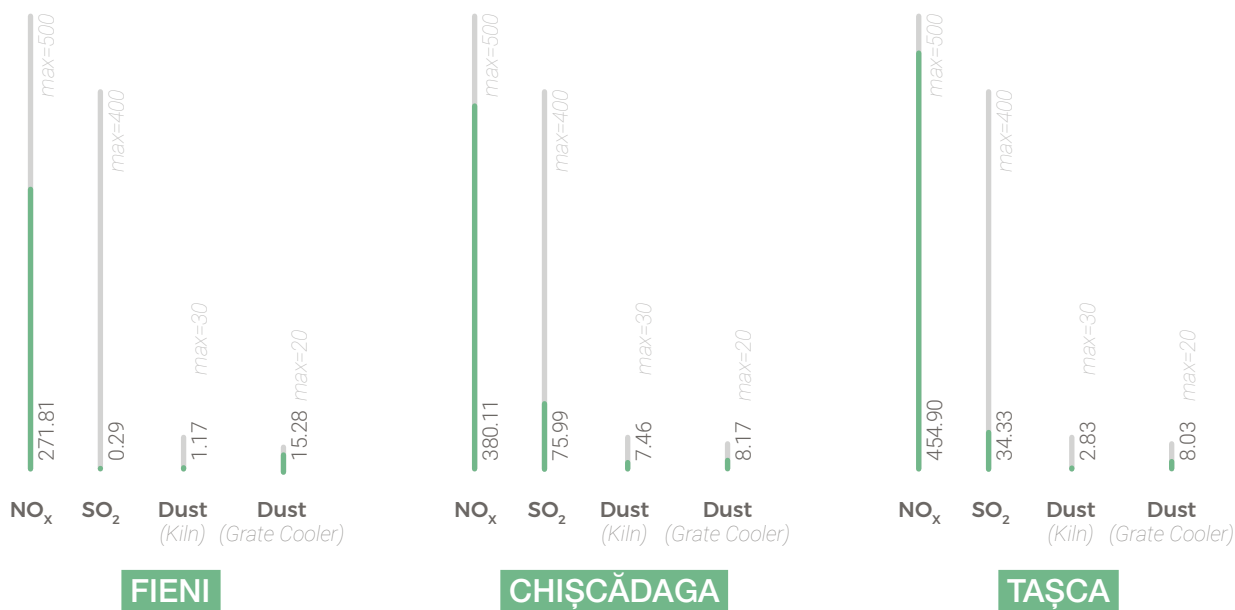
AIR QUALITY MONITORING

A very important topic for our company is air quality. We are constantly investing in measures to reduce the impact we have on air quality.

In accordance with the legislation in force and the provisions of the integrated environmental permit of the three cement plants, we are continuously monitoring emissions since 2007.

Continuous monitoring is carried out by monitoring systems installed, verified and maintained by a specialised company, which has all the accreditations required by the legislation in force. The quality of our continuous monitoring systems is validated by an accredited third-party body, according to QAL2 (Second Level of Quality Assurance), QAL3 (Third Level of Quality Assurance) and AST (Annual Surveillance Test) procedures.

All atmospheric emissions resulting from the activity carried out at the company's three cement plants are within the limits imposed by the authorities, in accordance with the integrated environmental permit for each plant, as follows:



Average annual concentration (MG/NM³)
Maximum authorised emission limit / max

You can read more information about the environmental performance of all the HeidelbergCement Romania plants, in the summary of the annual environmental report for 2019, available for each plant on the company's website.

- 🔗 **Fieni Cement Plant** – [Summary of the Annual Environmental Report](#)
- 🔗 **Chişcădaga Cement Plant** – [Summary of the Annual Environmental Report](#)
- 🔗 **Taşca Cement Plant** – [Summary of the Annual Environmental Report](#)

GREENHOUSE GAS (GHG) EMISSIONS

In order to monitor Scope 1 CO₂ emissions, an annual GHG emission monitoring plan is developed for each installation, complying with the provisions of [EU Commission Regulation No. 601/2012](#) on the monitoring and reporting of GHG emissions in accordance with [Directive 2003/87/CE](#) of the European Parliament and the Council. The monitoring activity is carried out according to the plan approved by the competent authority and at the end of each year a Monitoring Report is drawn up for each installation, which is verified by an accredited independent Auditor.

Scope 1 emissions come from the decarbonisation of raw materials used for the production of grey cement clinker, the co-processing of conventional and alternative fuels and from natural gas consumption at plant installations on sites (flour mill, slag dryers, mini thermal power plants).

Scope 2 includes greenhouse gas emissions resulting from the electricity consumption required for the clinker production.

| | 2019 vs 2018 |
|---------------------------------|--------------|
| Scope 1 [tCO ₂ /tcl] | -0.37% |
| Scope 2 [tCO ₂ /tcl] | +0.87% |

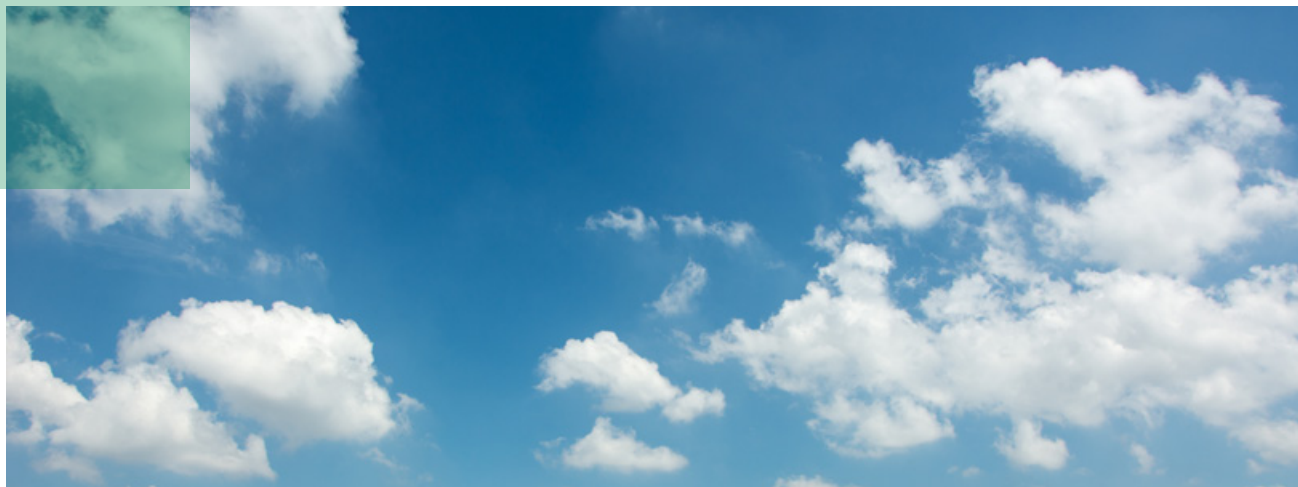
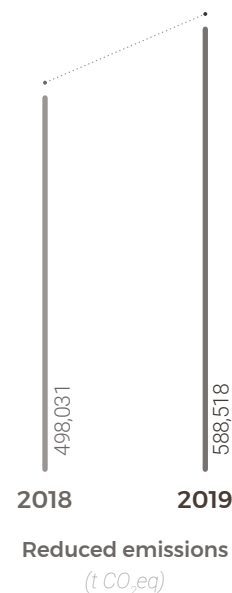
THE INFORMATION PRESENTED IS NOT AS DETAILED AS REQUIRED BY THE STANDARD DUE TO THE FACT THAT IT REPRESENTS CONFIDENTIAL INFORMATION, AND ITS DISCLOSURE COULD GENERATE A COMPETITIVE DISADVANTAGE.



| AIR EMISSIONS | 2018 | 2019 |
|---|----------|----------|
| NO _x (t) | 1,901.16 | 2,066.56 |
| SO _x (t) | 110.45 | 201.73 |
| Persistent organic pollutants (POP) (g) | 0.16 | 0.16 |
| Volatile organic compounds (t) | 66.37 | 100.67 |
| Hazardous air pollutants (HAP) (kg) | 181.98 | 488.48 |
| Particles (PM) (t) | 79.38 | 23.84 |

Emissions from the RMC and Aggregate Divisions activities are not included in the calculation.

Approximately 60% of direct CO₂ emissions are generated by the raw material decarbonisation process and approximately 40% by the fuel co-processing process. The emission reduction is expressed considering the production of cements with additives (thus reducing the clinker content) and the use of alternative fuels (alternative fuels have a lower emission factor than conventional fuels and certain types of fuels also contain biomass, which by combustion does not emit CO₂).

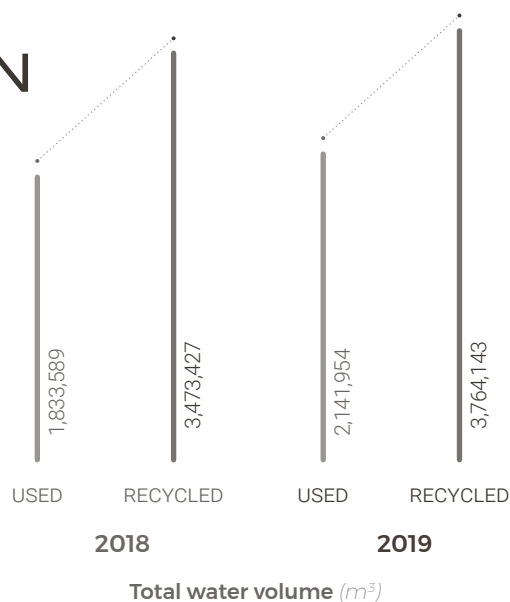


WATER CONSUMPTION

CEMENT DIVISION

Water resulting from operations is directly discharged into rivers, following a pre-treatment process, including a mechanical treatment stage.

At the same time, samples are taken and analysed according to the environmental permit (exactly at the evacuation point in the emissary) to establish the qualitative and quantitative parameters of the water.



| WATER DISCHARGE | 2019 | | |
|-------------------------------|---------|---------|---|
| | VOLUME | TYPE | WATER QUALITY |
| From the three cement plants: | 322,256 | planned | monitored quality parameters fall within the limits imposed by the Water Management permits |

| WATER SOURCE | 2018 | 2019 |
|---|--------------|--------------|
| Surface waters, including water from wetlands, rivers, lakes | 1,017,324.59 | 1,409,449.06 |
| Groundwater | 782,962 | 705,963 |
| Municipal water supply or other public or private water utilities | 33,302 | 26,542 |

WATER CONSUMPTION REDUCTION 2019
123,529 m³

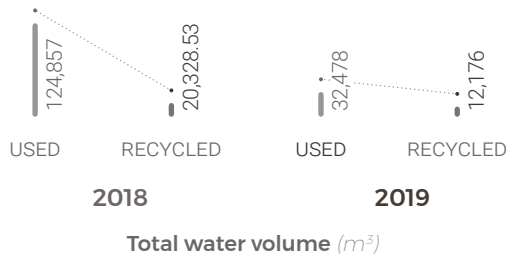
VALUE OF THE INVESTMENT TO ENSURE
CONSUMPTION REDUCTION
€ 151,448

Drinking water consumption at the Taşca plant was reduced, due to an investment to rehabilitate the water route amounting to EUR 151,448.

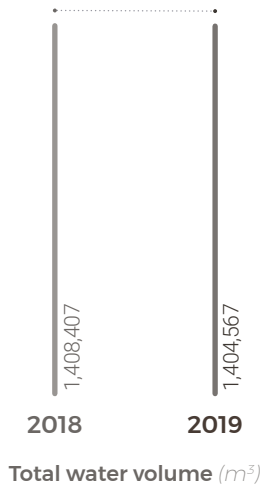
The measure was implemented during 2017-2018 and significant positive impact was observed in 2019, i.e. water consumption decreased by 123,529 m³ in 2019, compared to 2018.



RMC DIVISION



AGGREGATE DIVISION







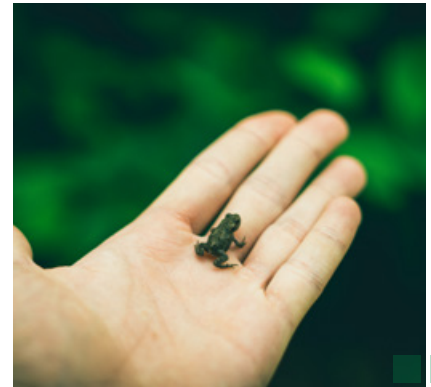
BIODIVERSITY

The quarries and ballast pits from which we extract raw materials are valuable habitats for a variety of animals and plant species, including, depending on the area, rare species. Therefore, both during and after the completion of extraction procedures, the mining areas are restored and landscaped according to the plans developed by specialists and restored to their natural state or prepared for agricultural or forestry use.

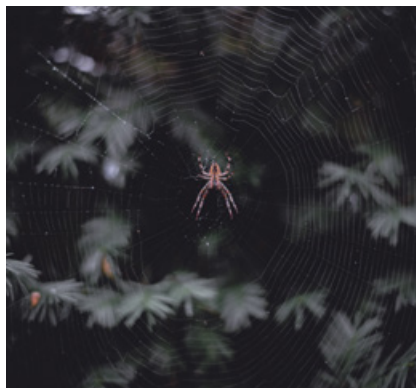
Before starting the extraction procedures, an environmental impact assessment is carried out for each site. An important part of this stage is the dialogue with interested stakeholder categories, such as environmental authorities, nature conservation organisations and local communities.

During the extraction period, we encourage all forms of biodiversity promotion and conservation, through appropriate biodiversity management measures (such as Biodiversity Management Plans), well-planned extraction operations that continue to create dynamism in the landscape, while also considering the mating season, as well as through appropriate training programmes for quarries personnel.

All our operating locations are managed in strict compliance with relevant environmental legislation, both locally and internationally.



| OPERATIONS IN PROTECTED AREAS | SITE 1 | SITE 2 | SITE 3 | SITE 4 | SITE 5 |
|--|--------------------------------------|-------------------------|-------------------------------------|-------------------------|-------------------------|
| Geographical positioning | southwest | south | east | centre | east |
| Surface and underground land that can be owned, leased by or managed by the organisation | surface/ property + concession | surface/ concession | surface/ concession | surface/ concession | surface/ concession |
| Position towards the protected area or the high biodiversity value area outside the protected areas | in protected area | in protected area | in protected area | in protected area | in protected area |
| Operation type | Quarry | Ballast pit | Quarry | Quarry | Ballast pit |
| Size of operational site in km ² | 0.17 | 0.736 | 0.22 | 0.06 | 1.69 |
| Biodiversity value characterised by the attributes of the protected area or the high biodiversity value area for outside the protected area (terrestrial, freshwater or maritime ecosystem) | ROSCI0129 | ROSPA 0106 | ROSPA0040 ROSCI0012 ROSPA0073 | ROSPA0082 | ROSPA0071 ROSCI0162 |
| Biodiversity value characterised by protected area status (e.g., IUCN categories for the management of protected areas, Ramsar Convention, national legislation). | national legislation | national legislation | national legislation | national legislation | national legislation |



4

A man in a dark suit and white shirt is walking down a wide, modern concrete staircase. The staircase has black metal railings. The background is a plain, light-colored concrete wall. The overall scene is clean and professional.

**OUR LONG-TERM
COMMITMENT TO
OUR TEAM**



WORKING ENVIRONMENT

The growth and success of our company cannot be achieved without a strong team. Throughout our activity of over 21 years in Romania we built a fair working environment based on integrity and respect that promotes professional development, talent and safety in the workplace, values that underpin our human resources policy.



| men | women |
|------------|------------|
| 741 | 253 |

74.54%

25.46%

994
employees

Employees
by contract type and operations
2019

| | GENDER | PERMANENT | TEMPORARY | TOTAL |
|--|----------|-----------|-----------|-------|
| BUCHAREST ADMINISTRATIVE HEADQUARTERS | M | 26 | 2 | 28 |
| | W | 33 | 2 | 35 |
| TAŞCA CEMENT PLANT | M | 139 | 14 | 153 |
| | W | 46 | 12 | 58 |
| CHIŞCĂDAGA CEMENT PLANT | M | 149 | 16 | 165 |
| | W | 49 | 7 | 56 |
| FIENI CEMENT PLANT | M | 202 | 9 | 211 |
| | W | 45 | 4 | 49 |
| AGGREGATE DIVISION | M | 83 | 18 | 101 |
| | W | 17 | 0 | 17 |
| RMC DIVISION | M | 71 | 12 | 83 |
| | W | 35 | 3 | 38 |

895 PERMANENT EMPLOYEES
99 TEMPORARY EMPLOYEES

Employees
by working hours and operations
2019

| | GENDER | FULL TIME | PART TIME | TOTAL |
|--|----------|------------|-----------|------------|
| BUCHAREST ADMINISTRATIVE HEADQUARTERS | M | 28 | 0 | 28 |
| | W | 33 | 2 | 35 |
| TOTAL | | 61 | 2 | 63 |
| TAŞCA CEMENT PLANT | M | 153 | 0 | 153 |
| | W | 58 | 0 | 58 |
| TOTAL | | 211 | 0 | 211 |
| CHIŞCĂDAGA CEMENT PLANT | M | 165 | 0 | 165 |
| | W | 56 | 0 | 56 |
| TOTAL | | 221 | 0 | 221 |
| FIENI CEMENT PLANT | M | 211 | 0 | 211 |
| | W | 49 | 0 | 49 |
| TOTAL | | 260 | 0 | 260 |
| AGGREGATE DIVISION | M | 98 | 3 | 101 |
| | W | 17 | 0 | 17 |
| TOTAL | | 115 | 3 | 118 |
| RMC DIVISION | M | 82 | 1 | 83 |
| | W | 38 | 0 | 38 |
| TOTAL | | 120 | 1 | 121 |

988 FULL-TIME EMPLOYEES
6 PART-TIME EMPLOYEES



Staff turnover
2019

| | New employees | | Employees who left | |
|------------------------|---------------|------|--------------------|------|
| | No. | Rate | No. | Rate |
| GENDER | | | | |
| Women | 34 | 3.42 | 32 | 3.22 |
| Men | 59 | 5.94 | 55 | 5.53 |
| TOTAL | 93 | 9.36 | 87 | 8.75 |
| AGE GROUP | | | | |
| <30 | 38 | 3.82 | 21 | 2.11 |
| 30-50 | 40 | 4.02 | 16 | 1.61 |
| >50 | 15 | 1.51 | 50 | 5.03 |
| TOTAL | 93 | 9.36 | 87 | 8.75 |
| LOCATION | | | | |
| Bucharest Headquarters | 4 | 0.4 | 7 | 0.7 |
| Taşca | 24 | 2.41 | 24 | 2.41 |
| Chişcădaga | 23 | 2.31 | 18 | 1.81 |
| Fieni | 19 | 1.91 | 19 | 1.91 |
| Aggregates Division | 14 | 1.41 | 7 | 0.7 |
| RMC Division | 9 | 0.91 | 12 | 1.21 |
| TOTAL | 93 | 9.36 | 87 | 8.75 |

120 EMPLOYEES IN ADMINISTRATIVE OFFICES (12%)

Within the three divisions, there are several activities carried out by third parties on the company's sites, as follows:

CEMENT DIVISION

- ⊗ operational activities – *repair and production works, e.g., dedusting filters/electro filters, technological cleaning or surveillance of conveyor belts, blasting raw materials silos, internal handling with heavy machinery, mechanical repairs*
- ⊗ other activities – *e.g., security services, administrative cleaning, fire protection*

Share of services performed with third-party staff: approx. 50-53% between 2017-2019.



AGGREGATES DIVISION

- ⊗ drilling-blasting in quarries – 100%
- ⊗ internal transport in quarries – 100%
- ⊗ loading production material from fronts to quarries – 100%
- ⊗ security services – 100%
- ⊗ loading aggregates for deliveries – *ranges from 32-40% between 2017 and 2019*

RMC DIVISION

- ⊗ transport (service provider - Carpat Concrete Services Pumps)
- ⊗ H&S
- ⊗ equipment checks
- ⊗ cleaning
- ⊗ security services

These activities were carried out in all 21 operating locations of the RMC Division.





HUMAN RIGHTS

We take responsibility for respecting human rights in relation to our business partners, but especially in our interactions with company employees.

We strictly comply with the national and international legislation in force, as well as the principles described by internationally recognised standards, such as: the **Universal Declaration of Human Rights**, the **eight fundamental labour standards of the International Labour Organisation (ILO)**, the **Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises**, the **United Nations (UN) Guiding Principles on Business and Human Rights**.

IN **2019, 15** EMPLOYEES COMPLETED COURSES REGARDING HUMAN RIGHTS.

The governing principles, HeidelbergCement's position on human rights and the Code of Conduct on the principles of corporate social responsibility, describe our commitments in this direction.

We are committed to ensuring all necessary resources for the proper implementation and maintenance of the social responsibility management system, to comply with all the requirements of SA 80004 Standard and to promote the principles of social responsibility among employees, suppliers and subcontractors.

DIVERSITY, EQUAL OPPORTUNITIES, NON-DISCRIMINATION

Employee diversity and equal opportunities are key elements that contribute to increasing the company's performance, boost creativity and innovation and improve the productivity of the entire team.

All employees enjoy equal opportunities at work and the right to work is not restricted in any way to any employee. All relationships within the team are based on dignity and mutual respect, and any form of direct or indirect discrimination based on age, gender, nationality, religion, physical or mental disabilities, ethnicity, political option, sexual orientation or any other personal characteristics deemed disadvantageous under the law is strictly prohibited.

In addition, in 2018, we signed the **Diversity Charter**, a set of general principles that we voluntarily undertook in order to promote diversity and inclusion in the workplace.

IN **2019**, THERE WERE NO REGISTERED INCIDENTS OF DISCRIMINATION OR HUMAN RIGHTS VIOLATIONS.





Employees by gender, age and position within company
2019

| | AGE / CATEGORY | SENIOR MANAGEMENT | MIDDLE MANAGEMENT | WHITE COLLAR | BLUE COLLAR | TOTAL |
|--------------|----------------|-------------------|-------------------|--------------|-------------|------------|
| MEN | <30 | 0 | 1 | 23 | 40 | 64 |
| | 30-50 | 12 | 29 | 103 | 210 | 354 |
| | >50 | 6 | 14 | 89 | 214 | 323 |
| | TOTAL | 18 | 44 | 215 | 464 | 741 |
| WOMEN | <30 | 0 | 0 | 9 | 9 | 18 |
| | 30-50 | 2 | 2 | 82 | 37 | 123 |
| | >50 | 0 | 4 | 63 | 45 | 112 |
| | TOTAL | 2 | 6 | 154 | 91 | 253 |

Employees with disabilities
2019

| | WHITE COLLAR | BLUE COLLAR |
|--------------|--------------|-------------|
| MEN | 1 | 1 |
| WOMEN | 0 | 0 |

AVERAGE AGE IN THE COMPANY
IN 2019 - 47.91
IN 2018 - 47.7



PROFESSIONAL DEVELOPMENT AND PERFORMANCE EVALUATION

The training of our employees is reflected in the annual performance of the company. That is why we are constantly developing training and education programmes for them, aiming to help them acquire and increase their skills, in close connection with the challenges of the work they perform.

The annual training plan is based on one hand, on the training and development needs identified as a result of the annual performance evaluation and, on the other hand, on the needs for continuous improvement of skills related to the equipment handling, installation and other industry-specific systems. The development and professional training of employees is the responsibility of the Department of training and personal development.

Training programmes focus on the development of three categories of skills:

PERSONAL SKILLS AND COMPETENCES

EXAMPLES:

- ✔ english language skills
- ✔ sales and negotiation skills
- ✔ customer communication skills
- ✔ presentation skills
- ✔ time management etc.

MANAGEMENT SKILLS

EXAMPLES:

- ✔ decision-making
- ✔ problem-solving
- ✔ developing the team
- ✔ change management
- ✔ project management

PROFESSIONAL COMPETENCES AND TECHNICAL SKILLS

EXAMPLES:

- ✔ equipment maintenance in cement plants, hydraulics, pneumatics, automation
- ✔ specific chemical determinations in the laboratory, laboratory analyses for alternative fuels, etc.

At the same time, the planning and decision-making process regarding vocational training programs takes into account various aspects, such as legislative requirements related to the certification or periodic authorisation required for certain jobs (in cement plants or working stations), qualifications specific to each activity, first aid courses or training programs that aim to refresh or update knowledge in various areas (H&S, GDPR, etc.).

Emphasis is placed on courses regarding compliance with applicable legislation and regulations, which are a

fundamental requirement of the HeidelbergCement Group. Therefore, we regularly run these courses for the relevant categories of employees.

In addition to the trainings carried out on various topics, HeidelbergCement also runs development programmes that span several months and give participants the opportunity to develop gradually, building their skills step by step through practice, fixation, transfer into practice, improvement and permanent feedback.



One such example is the regular organisation of the **Management Academy**, which aims to strengthen and develop skills in basic areas such as communication and influence, team management, feedback, development stimulation, motivation, problem management, decision-making, but at the same time each edition proposes new topics, in line with the evolution of business and the market, such as the development of entrepreneurial thinking or recruitment and selection skills, so necessary to a manager.

Courses can be provided by both external and internal partners and can be conducted both face-to-face and online via a platform to which employees have access.

The training and development activity aims to support the operational activity by developing and maintaining up to date, both the professional knowledge of our colleagues, as well as their professional and personal skills in close correlation with the current challenges of each role, but also maintaining the overall picture, reporting to a common framework and business objectives.

The evaluation of the quality of the training and satisfaction of the participants in the training programs is carried out after each course session, the aspects evaluated considering both the quality of the content and the course support, as well as the training and availability of the lecturer/trainer.

A set of KPIs (key performance indicators) for this activity is regularly monitored to track the degree of achievement of the annual training targets and implement additional actions and measures where appropriate.

Average number of training hours per year per employee, by category

2019

| | SENIOR MANAGEMENT | MIDDLE MANAGEMENT | WHITE COLLAR | BLUE COLLAR |
|-------|-------------------|-------------------|--------------|-------------|
| MEN | 63 | 61 | 48 | 27 |
| WOMEN | 44 | 145 | 44 | 28 |

AVERAGE TRAINING HOURS IN 2019

MEN: 50 H
WOMEN: 65 H



START PENTRU O CARIERĂ BETON

"START FOR A SOLID CAREER"

Launched for the first time in March 2019, at Deva, the *"Start pentru o carieră BETON"* project developed alongside Leaders Foundation, aims to offer two days of intensive non-formal education courses for 25 young people from each location of HeidelbergCement Romania's plants and neighbouring communities, eager to acquire communication and teamwork skills. The courses held by the specialists of the Leaders Foundation took place at the HeidelbergCement plants in Chișcădaga, Tașca and Fieni and gave participants the opportunity to interact with a potential employer and to have access in the selection process for the 4th edition of the HeidelbergCement Apprenticeship School.

HEIDELBERGCEMENT ROMANIA APPRENTICESHIP PROGRAMME

We want to grow and develop a sustainable business, which is why we need fresh forces to achieve this goal. Therefore, an important component of developing internal skills within HeidelbergCement and ensuring the continuity of the activity in cement plants is the apprenticeship program. Organised regularly since 2015, for positions such as maintenance and repair electrician or mechanical locksmith for universal maintenance and repair, or for industry-specific positions such as flow operator or control room operator for cement plants, the apprenticeship programme prepares future specialists in these areas.

The programme lasts 24 months and entails employment of participants in HeidelbergCement plants based on an apprenticeship contract. At the end of the programme, participants take a graduation exam, which results in a certificate of professional qualification that is recognised at national and European level.





PERFORMANCE EVALUATION

The leadership principles of the HeidelbergCement Group stipulate that development through evaluation and feedback is one of the fundamental ways to ensure the company's success. The employee evaluation system is set out in the Collective Labour Agreement.

Performance evaluation is carried out for all company personnel, irrespective of their position.

There are 4 evaluation groups in the system:

- ⊕ management personnel, functional and production departments, as well as all employees in the RMC Division
- ⊕ TESA personnel
- ⊕ team/shift leaders
- ⊕ workers

Positions in the first group are recorded in a centralised database called HR Globe – a Group-level human resources services portal that ensures automatic data processing for the following human resources processes:

- ⊕ performance and potential evaluation
- ⊕ development dialogue
- ⊕ setting and evaluating personal objectives

The evaluation of employees through the HR Globe system is carried out on 3 coordinates, considered of equal importance:

- ⊕ evaluation of objectives (level of achievement of personal objectives set out in the Performance Agreement)
- ⊕ evaluation of daily activity (results obtained)
- ⊕ evaluation of competences (demonstrated behaviours)

For the other 3 personnel groups, the evaluation is based on the performance criteria identified for each group and personal objectives, according to the Performance Evaluation form.

The following components are considered:

- ⊕ professional skills
- ⊕ commitment to the company's policies and regulations, environmental protection and occupational health and safety rules
- ⊕ attitude towards work and behaviour in accordance with the company's values.

In addition, in performance and potential evaluation meetings, each employee agrees on their personal development goals with their supervisor.

Based on the results of the annual performance evaluation, as well as the conclusions of the development dialogue, development needs are identified and subsequently included in the Annual Training Plan.

There is also a succession plan within the company, identifying employees who can take over managerial or specialists key positions. To develop the professional and personal skills necessary to occupy such a function, specific training and development programmes are implemented for those employees.

Performance evaluation and career development plan
2019

| | SENIOR MANAGEMENT | MIDDLE MANAGEMENT | WHITE COLLAR | BLUE COLLAR | TOTAL |
|--------------|----------------------|----------------------|--------------|-------------|------------|
| MEN | 18 | 44 | 215 | 464 | 741 |
| | 100% | 100% | 100% | 100% | 100% |
| WOMEN | 2 | 6 | 154 | 91 | 253 |
| | 100% | 100% | 100% | 100% | 100% |

EMPLOYEE BENEFITS

Our desire to develop long-lasting relationships is also reflected by the decisions we make when it comes to our employees. We want our colleagues to stay with us for a long time, and that is why, in addition to the professional and personal development programmes that we provide, we also offer a series of benefits that motivate them and contribute to their increased performance.

The benefits we offer our employees aim to contribute to an increased retention rate, and are regulated by the provisions included in the Collective Labour Agreement:

- ✔ 26 days of annual leave
(vs. 20 days as stated by the Labour Code)
- ✔ meal vouchers
- ✔ paid days off in the case of special family events
- ✔ aid paid by the company in the event of special family events
- ✔ seniority bonuses
- ✔ retirement bonuses
- ✔ private health insurance
- ✔ expenses settlement for holiday and/or treatment services
- ✔ gifts and bonuses for the minor children of employees
(June 1st, Christmas)
- ✔ gift for female employees on Women's Day
- ✔ gift for all employees on HeidelbergCement Romania Day

The company also offers employees the possibility to access various professional development opportunities, both in line with the recruitment and selection policy for vacancies or new positions, that gives priority to the internal recruitment process (employees whose professional profile meets the requirements of the vacancy) as well as by implementing succession plans for certain categories of key positions.

At the same time, competitions are organised annually to boost professional performance and strengthen the team, with prizes consisting of financial and non-financial bonuses:

- ✔ **Trades and H&S competition**
(conducted at company level and later at CIROM level – Employers in the cement and other building materials industry in Romania), a traditional event in the cement industry;
- ✔ **Innovation competition** – *implemented annually since 2013;*
- ✔ **Football championship** – *the first edition took place in 2017.*

HEIDELBERGCEMENT "SOLID TEAMS MINI FOOTBALL CHAMPIONSHIP" – 2019 EDITION

Reaching its third edition in 2019, the mini-football competition brought together 72 players from across the entire HeidelbergCement organisation, between 10th and 13th of October. It was a successful event that was appreciated by all participants. Six teams were registered at the start: "Chindia", "FC Motors" and "Outsiders" in Group A, "Cement", "Olympus" and "Veterans" in Group B. The competition named its winners in the last match of Saturday, "Cement" defeating the "Chindia" team in the grand final and becoming the new champion of the internal mini-football competition. The event ended with the awarding of diplomas, medals and the trophy of the competition by Mr. Florian Aldea, General Manager of the company, as well as the awarding of special diplomas from the organisers, in the applause of the participants and supporters present in the stands.



Benefits granted by contract type

2019

| | Full-Time | | Part-Time | | Temporary | |
|---|-----------|------------------|-----------|------------------|-----------|----------|
| | < 1 year | > 1 year | < 1 year | > 1 year | < 1 year | > 1 year |
| Meal vouchers | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Expense settlement for tourist and/or treatment services | | ✓ | | ✓ | | ✓ |
| Transport from/to work | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Aid paid by the company in the event of special family events (<i>wedding, death etc.</i>) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Compensation wages | | ✓ (over 3 years) | | ✓ (over 3 years) | | |
| Seniority bonuses (<i>granted to employees of over 25 years in the company</i>) | | ✓ | | ✓ | | |
| Retirement bonuses | | ✓ | | ✓ | | |
| Private health insurance | | ✓ | | ✓ | | ✓ |
| Gifts and bonuses for the minor children of employees (<i>June 1st, Christmas</i>) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Gifts on Women's Day | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Gifts on Company Day | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

Parental Leave

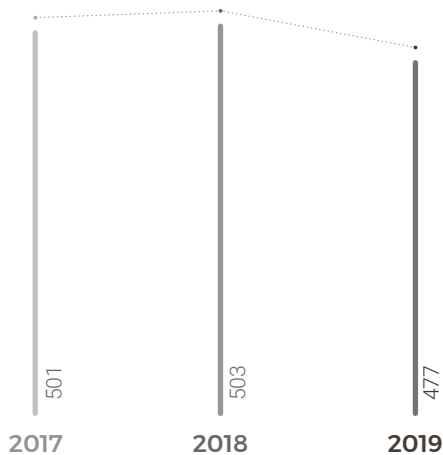
2019

| | Men | Women |
|--|-----|-------|
| Number of days (total) | 0 | 837 |
| No. of employees who were entitled to parental leave | 0 | 5 |
| No. of employees who took parental leave | 0 | 5 |
| No. of employees who returned to work at the end of parental leave | 0 | 2 |
| No. of employees who returned to work after parental leave and were still employed 12 months later | 0 | 2 |
| Return rate | 0 | 100% |
| Retention | 0 | 100% |

COLLECTIVE BARGAINING AGREEMENT AND EMPLOYEE REPRESENTATION

All employees benefit from the provisions of the Collective Bargaining Agreement. It covers matters such as the rights and obligations of employees and the employer, and includes, among others, matters relating to the notice period, the provisions for consultation and negotiation.

At the same time, the Collective Bargaining Agreement also stipulates the minimum number of weeks of notice sent to employees and their representatives before the implementation of significant operational changes that could substantially affect them, which at the company level is three weeks, and mentions that the employer offers professional programmes agreed with the representative union in the case of collective redundancies.



Number of employees in unions

"We build on solid basis" Union





OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety is one of the company's priorities, with strong commitments made in this direction. We take all necessary measures to ensure a safe working environment for employees and to minimise the risk of work related accidents, injuries or illness.

At HeidelbergCement Romania level, the direct management is responsible for monitoring compliance with the legislative framework and the rules and guidelines laid down by the Group's H&S policy. All of the company's operating locations have appointed at least one H&S consultant locally.

The Occupational Health and Safety (H&S) Policy is adopted at Group level. The main purpose of this policy is to develop a solid culture of Occupational Health and Safety and stipulates the company's obligation to:

- ✔ comply with all national rules, legislation in force and occupational health and safety guidelines
- ✔ manage H&S using appropriate H&S management systems
- ✔ report and analyse H&S data on a regular basis
- ✔ continuously improve the H&S performance by conducting periodic assessment of occupational accidents and illness risks and development of appropriate prevention and protection plans
- ✔ provide instructions and guidance to enable employees to carry out their activity safely.

THE COMPANY DID NOT REGISTER ANY WORK-RELATED ACCIDENTS IN 2019.

There are Occupational Health and Safety Committees (OH&SC) within the company consisting of:

- ✔ employer representatives with H&S responsibilities;
- ✔ employee representatives with specific responsibilities in the field of H&S;
- ✔ occupational physician.

The number of employee representatives is equal to the number of the employer representatives.

Employee representatives with specific H&S responsibilities are chosen by and from the employees for a period of 2 years. The members of the Occupational Health and Safety Committee are nominated through a written decision of its chairman and the competence of the Committee is communicated to all employees. The role of the H&S Committee is to plan, participate in and carry out actions aimed at improving occupational health and safety at the level of the unit and to monitor their implementation.

In addition, the Collective Labour Agreement includes a section on occupational health and safety. The contract stipulates the obligation to consult the trade union when drawing up the Prevention and Protection Plan. At the same time, the company's internal rules, drawn up in consultation with the union, cover issues related to occupational health and safety.

We take all necessary measures to protect the health and safety of all employees and workers that conduct different activities at our locations, by regularly assessing and reviewing work-related injury or illness risks.

However, a work-related accident was recorded in 2019, at subcontractors level, resulting in the temporary incapacity for a period of 11 days and a work-related accident resulting in the death of the worker.

WATER

WASH PLEDGE – ACCESS TO SAFE WATER, SANITATION AND HYGIENE AT THE WORKPLACE

In 2018, we committed, at Group level, to ensure that all our employees have access to drinking water, sanitation, and hygiene at the workplace. Thus, in 2019, we went through an intensive process of self-assessment and development of action and intervention plans in areas where there is a need for improvement.





5

**OUR LONG-TERM
COMMITMENT
TO THE LOCAL
COMMUNITIES**





OUR SUPPLIERS

The impact of our activity has effects not only at company level, but also indirectly, along the entire supply chain. That is why we strive to pass on to our suppliers the best practices in sustainable development.

We want long-term relationships with our suppliers, based on accountability and transparency, so that together we can have a real positive impact on the entire Romanian society. The expectations we have when it comes to our supply chain are described in detail in the Supplier Code of Conduct, which includes elements inspired by the **SA 8000** (Social Responsibility), **ISO 14001** (International Standard for Environmental Management) standards and the principles stipulated by the International Labour Organisation. At local level, the responsibility for the purchasings made within the company lies with the Purchasing Department, which

coordinates the bidding process, negotiating, selecting and contracting suppliers.

If a supplier fails to comply with the provisions of the Code of Conduct or does not correct the identified violations, this may lead to the termination of contractual relationships. In 2019, there were no such cases registered.

In 2019, the total amount of expenditure on suppliers amounted to over 900 million lei. Of the total expenditures, 89.2% were directed to local suppliers.

| | 2017 | 2018 | 2019 |
|-----------------|-------|-------|-------|
| Local suppliers | 1,753 | 1,700 | 1,765 |
| Other suppliers | 145 | 148 | 161 |
| TOTAL | 1,898 | 1,848 | 1,926 |

| | 2017 | 2018 | 2019 |
|---------------------------|-------------|-------------|-------------|
| Local suppliers' expenses | 582,072,399 | 647,181,225 | 807,049,843 |
| Other suppliers' expenses | 76,776,319 | 83,479,660 | 97,711,177 |
| TOTAL (lei) | 658,848,718 | 730,660,885 | 904,761,020 |



91.6% OF HEIDELBERGCEMENT ROMANIA'S SUPPLIERS ARE LOCAL.

We want suppliers to find a role model in us, and so we are taking steps to support them in aligning their processes with our social and environmental requirements. The supplier evaluation process is described by the Internal Evaluation, Selection, Monitoring and Reassessment Procedure.

In addition to issues such as price, quality of products/ services and delivery time, the criteria for evaluating and selecting suppliers include documents issued as a result of the evaluation, compliance of products/ services (EC certificates, EC markings, performance declarations, quality certificates, guarantee certificates, safety data sheets,

permits, analysis/test reports, approvals, certifications - including for service provider staff), management systems applied by suppliers (quality, environment, H&S), supplier H&S, quality and environmental performance.

The supplier quality and H&S management systems evaluation and monitoring is carried out by evaluation questionnaires submitted to them for completion by the purchasing departments, at the request of the management systems department. Evaluation and monitoring are performed annually and in the event of the emergence of new suppliers.

| | 2017 | 2018 | 2019 |
|---|-------|------|------|
| Number of suppliers assessed from an environmental impact perspective | - (*) | 251 | 253 |
| No suppliers identified as having a potential negative impact on the environment | - | 0 | 0 |
| No. of suppliers with whom plans have been established to improve environmental performance | - | 0 | 0 |
| Percentage of suppliers with which contractual relations have been interrupted | - | 0% | 0% |

*Performance evaluation for suppliers operating on company's sites is carried out starting 2018.



COMMUNITY INVESTMENTS

In addition to the activities we carry out and the contribution we make to the Romanian economy, we want our presence in Romania to bring a plus for the communities that host our activity.

Thus, in addition to the openness and dialogue we constantly have with representatives of local communities, we took the responsibility to contribute to the development of the areas in which we are present, trying together with our partners in the non-governmental sector to address the main problems and needs identified in the community.

Thus, community investment and the projects we implement are based on three priority areas, as described by the HeidelbergCement Corporate Citizenship Policy:

ENVIRONMENTAL PROTECTION

Our activity entails the use of natural resources and quarry exploitation has an environmental impact. That is why we focus on reducing the impact of exploitation, production and distribution, and together with our partners we strive to conserve and protect the environment, with an emphasis on actions regarding climate and biodiversity. We invest in specific sustainable land management projects in the vicinity of our operating locations, which contribute to positive environmental changes and increase the well-being and awareness of local communities. We support organisations and projects that improve people's knowledge of ecology and strengthen citizens' awareness of nature diversity at our operating locations.

CONSTRUCTION, ARCHITECTURE, INFRASTRUCTURE

Construction materials and services contribute to the well-being of society and to the improvement of citizens' quality of life. When we are asked for help, we engage in buildings and infrastructure construction benefitting the society, providing our partners with products, expertise, time, and financial support. We also support architectural initiatives that incorporate innovative elements and encourage dialogue in the construction industry.



IN **2019** THE TOTAL VALUE OF COMMUNITY INVESTMENT WAS **3,575,689 LEI**. THE AMOUNT WAS USED FOR OVER 100 PROJECTS ALONGSIDE OVER **40 COMMUNITY PARTNERS**.

EDUCATION AND DEVELOPMENT OF LOCAL COMMUNITIES

Sustainable development is based on creativity and innovation, and all this is not possible without quality education. That is why we are involved in partnerships and educational projects that help improve young people's access to professional development programmes. We also support cultural initiatives that benefit the public, but also programmes with the greatest positive impact in local communities.

THE TOTAL VALUE OF COMMUNITY INVESTMENTS WAS **11,432,642 LEI**, OUT OF WHICH **3,575,689 LEI** WERE ALLOCATED TO COMMUNITY PROJECTS THROUGH SPONSORSHIPS, AND **7,856,953 LEI** REPRESENTED LOCAL TAXES.

We support projects, organisations, and initiatives:

- + close to our operating locations, if they fall within one of the areas of interest defined by our policy;
- + that are consistent with HeidelbergCement's Code of Professional Conduct and other standards on compliance, Management Principles and Sustainable Development Strategy;
- + that create long-term benefits and value for the society and are visible within community;
- + that comply with legal regulations;
- + that are oriented towards activities with long-term impact.





REOPENING OF THE PAEDIATRIC WARD OF PUCIOASA CITY HOSPITAL

More than 6,000 children from Pucioasa, Fieni and neighbouring villages have benefitted starting September 2019 from a new paediatric ward within the Pucioasa City Hospital, following a large investment from HeidelbergCement which began in the spring of the same year. With the Pucioasa City Hospital serving a population of 60,000 people, both in Pucioasa and Fieni and in the neighbouring villages, more than 6,000 being children, we decided to get involved in the reopening of the pediatric ward, in order to help improve the access of the population in the area to medical services.

The total value of the investment amounted to 242,923 lei and covered repair works, furnishing and repartitioning throughout the location – hospital rooms, doctor's offices, hallways, locker rooms, baby feeding rooms - as well as the complete replacement of electrical, thermal and sanitary installations, the replacement of interior carpentry, floors, tiles or antibacterial linoleum, and the total restoration of sanitary facilities.



SUPPORTING THE KAYAK-CANOE SECTION OF THE "CETATE" SPORTS HIGH SCHOOL DEVA

Sport is an extremely important element in the culture of the communities in which we operate, especially for young people. In 2019, we continued to encourage their performance, contributing with more than 38,000 lei for equipment purchasing. This made possible the safe and efficient water training of the students at the Nautical Base in Şoimuş.





DENTAL LIFE SOCIAL

In 2019, we supported the Volunteer for Life Association with 30,000 lei, to cover part of the costs of setting up a dental clinic within the orphanage in Piatra Neamț, at the Alexandru Roșca School Center for Inclusive Education.

The “DENTAL LIFE SOCIAL” clinic will provide dental services to children with autism and locomotor disabilities, but also to children in the social protection system or who come from families with a precarious financial situation.

SUSTAINABILITY EMBASSY IN ROMANIA

Our belief is that sustainable development cannot be achieved without collaboration, constant dialogue and strong partnerships between the private sector, the public sector and civil society representatives. That is why we joined the efforts of the Sustainability Embassy in Romania, an organisation that aims to encourage, inspire and motivate companies to develop the sustainability investment area in Romania, but also to offer more responsible products or services – including stimulating demand for sustainable development from end consumers.

The project promotes sustainability and development of skills, programs and partnerships to align with the **2030 Agenda** and achieve the **17 Sustainable Development Goals** launched by the United Nations in 2015.






**AMBASADA
SUSTENABILITĂȚII
ÎN ROMÂNIA**
SUSTAINABILITY
EMBASSY
IN ROMANIA





SUPPORTING ACS VIITORUL ȘOIMUȘ SPORTS CLUB

In 2019, we continued to support the activity of the ACS VIITORUL ȘOIMUȘ sports club and the four junior teams playing in the Hunedoara County Football Association championship. Their participation in the championship tour involved travel, the purchase of supplies and sports equipment.





GRI Content Index

| GRI STANDARD | INFORMATION | SUSTAINABLE DEVELOPMENT GOALS | PAGE/ PAGES NUMBER AND/ OR DIRECT RESPONSE | OMISSION |
|--|---|---|--|----------|
| GRI 101: FOUNDATION 2016 | | | | |
| GENERAL DISCLOSURES | | | | |
| ORGANISATIONAL PROFILE | | | | |
| GRI 102 General disclosures 2016 | 102-1 Name of the organisation | | 7 | |
| | 102-2 Activities, brands, products, and services | | 12, 72-73 | |
| | 102-3 Location of headquarters | | 7 | |
| | 102-4 Location of operations | | 12-13 | |
| | 102-5 Ownership and legal form | | 21 | |
| | 102-6 Markets served | | 12 | |
| | 102-7 Scale of the organisation | | 12, 16, 19, 77, 90 | |
| | 102-8 Information on employees and other workers |  8.5  10.3 | 91, 93 | |
| | 102-9 Supply chain | | 70-73, 108 | |
| | 102-10 Significant changes in the organisation and its supply chain | | There were no significant changes. | |
| | 102-11 Precautionary principle or approach | | 27-31, 34-36, 38-39 | |
| | 102-12 External initiatives | | 15, 16, 22, 25, 50, 58, 94, 95, 105 | |
| | 102-13 Membership of associations |  17.3 | 44-45 | |

| | | | |
|---|--|--|----------------------------|
| GRI 102 General disclosures 2016 | STRATEGY | | |
| | 102-14 Statement from senior decision-maker | | 5 |
| | 102-15 Key impact, risks and opportunities | | 27-31, 34-36, 38-39, 56-59 |
| | ETHICS AND INTEGRITY | | |
| | 102-16 Values, principles, standards and norms of behaviour |  | 22, 48-49 |
| | 102-17 Mechanisms for advice and concerns about ethics | 16.3 | 22, 23 |
| | GOVERNANCE | | |
| | 102-18 Governance structure | | 21 |
| | 102-22 Composition of the highest governance body and its committees |   | 21 |
| | | 5.5 16.7 | |
| | STAKEHOLDER ENGAGEMENT | | |
| | 102-40 List of stakeholder groups | | 60, 64-66 |
| | 102-41 Collective bargaining agreements |  | 103 |
| | | 8.8 | |
| | 102-42 Identifying and selecting stakeholders | | 60, 66 |
| 102-43 Approach to stakeholder engagement | | 64-66 | |
| 102-44 Key topics and concerns raised | | 64-66 | |
| REPORTING PRACTICE | | | |
| 102-45 Entities included in the consolidated financial statements | | 7 | |
| 102-46 Define report content and topic Boundaries | | 60-63 | |
| 102-47 List of material topics | | 60 | |
| 102-48 Restatements of information | | 12 | |
| 102-49 Changes in reporting | | There were no changes. | |







| | | | | |
|---|---|---|---|--|
| GRI 102 General disclosures 2016 | 102-50 Reporting period |  12.6 | 7 | |
| | 102-51 Date of most recent report | | HeidelbergCement Romania Sustainability Report 2016 | |
| | 102-52 Reporting cycle | | Annual | |
| | 102-53 Contact point for questions regarding the report | | 7 | |
| | 102-54 Claims of reporting in accordance with the GRI standards |  12.6 | 7 | |
| | 102-55 GRI content index | | 116-128 | |
| | 102-56 External assurance | | The report was not externally assessed | |

MATERIAL TOPICS






ENVIRONMENT

ENERGY

| | | | | |
|---|--|--|------------|--|
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | 62 | |
| | 103-2 Managerial approach and its components | | 53, 70, 77 | |
| | 103-3 Evaluation of the management approach | | 77 | |
| GRI 302 Energy 2016 | 302-1 Energy consumption within the organisation |     | 77 | |
| | 302-3 Energy intensity | | 77 | |
| | 302-4 Reduction of energy consumption | | 77 | |



WATER AND EFFLUENTS

| | | | | |
|---|--|--|----------------|--|
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | 62 | |
| | 103-2 Managerial approach and its components | | 53, 55, 70, 83 | |
| | 103-3 Evaluation of the management approach | | 58, 83-84 | |




| | | | | |
|--|---|--|------------------|--|
| GRI 303 Water and effluents 2018 | 303-1 Interactions with water as a shared resource |   6.3 6.4 6.A 12.4 | 83 | |
| | 303-3 Water withdrawal |  | 83 | |
| | 303-5 Water consumption | 6.4 | 83-84 | |
| BIODIVERSITY | | | | |
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | 62 | |
| | 103-2 Managerial approach and its components | | 55, 86 | |
| | 103-3 Evaluation of the management approach | | 58, 87 | |
| GRI 304 Biodiversity 2016 | 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas |    6.6 14.2 15.1 15.5 | 87 | |
| EMISSIONS | | | | |
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | 62 | |
| | 103-2 Managerial approach and its components | | 55, 70-71, 80-81 | |
| | 103-3 Evaluation of the management approach | | 26, 58, 82 | |
| GRI 305 Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions |   3.9 12.4 | 81 | |
| | 305-2 Energy indirect (Scope 2) GHG emissions |    13.1 14.3 15.2 | 81 | |
| | 305-4 GHG emissions intensity |    13.1 14.3 15.2 | 81 | |
| | 305-5 Reduction of GHG emissions | | 82 | |
| | | | | |





| | | | |
|--------------------------------------|--|--|-----------|
| GRI 305 | 305-7 Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions |  3.9  12.4  14.3  15.2 | 80, 82 |
| EFFLUENTS AND WASTE | | | |
| GRI 103 | 103-1 Explanation of the material topic and its Boundary | | 62 |
| Management approach 2016 | 103-2 Managerial approach and its components | | 54, 83 |
| | 103-3 Evaluation of the management approach | | 59, 83 |
| GRI 306 | 306-1 Water discharge by quality and destination |  3.9  6.3  6.4  6.6  12.4  14.1 | 83 |
| Effluents and waste 2016 | 306-2 Waste by type and disposal method |  3.9  6.3  12.4  12.5 | 74-76 |
| PRODUCTS AND SERVICES | | | |
| GRI 103 | 103-1 Explanation of the material topic and its Boundary | | 62 |
| Management approach 2016 | 103-2 Managerial approach and its components | | 40, 53 |
| | 103-3 Evaluation of the management approach | | 40-42, 56 |
| ENVIRONMENTAL COMPLIANCE | | | |
| GRI 103 | 103-1 Explanation of the material topic and its Boundary | | 62 |
| Management approach 2016 | 103-2 Managerial approach and its components | | 25-26 |
| | 103-3 Evaluation of the management approach | | 26 |
| GRI 307 | 307-1 Non-compliance with environmental laws and regulations |  16.3 | 26 |
| Environmental compliance 2016 | | | |

| SUPPLIER ENVIRONMENTAL ASSESSMENT | | | | |
|--|--|--|------------------|--|
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | 62 | |
| | 103-2 Managerial approach and its components | | 108-109 | |
| | 103-3 Evaluation of the management approach | | 17, 109 | |
| GRI 308 Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria | | 109 | |
| ECONOMIC TOPICS | | | | |
| ECONOMIC PERFORMANCE | | | | |
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | 62 | |
| | 103-2 Managerial approach and its components | | 53 | |
| | 103-3 Evaluation of the management approach | | 56 | |
| GRI 201 Economic performance 2016 | 201-1 Directly economic value generated and distributed |  8.1 8.2 | 19 | The information presented is not as detailed as required by the standard due to the fact that it represents confidential information and its disclosure could generate a competitive disadvantage. |
| | 201-2 Financial implications and other risks and opportunities due to climate change |  9.1 9.4 9.5 | 34-36, 39, 78-79 | |












| MARKET PRESENCE | | | | |
|---|--|--|--|--------------|
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | | 62 |
| | 103-2 Managerial approach and its components | | | 53 |
| | 103-3 Evaluation of the management approach | | | 21 |
| GRI 202 Market presence 2016 | 202-2 Proportion of senior management hired from the local community |  8.5 | | 21 |
| INDIRECT ECONOMIC IMPACT | | | | |
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | | 62 |
| | 103-2 Managerial approach and its components | | | 54, 110-111 |
| | 103-3 Evaluation of the management approach | | | 17, 59, 111 |
| GRI 203 Indirect economic impact 2016 | 203-1 Infrastructure investments and services supported |  5.4  9.1 9.4  11.2 | | 111-112, 114 |
| | 203-2 Significant indirect economic impacts |  1.2 1.4  3.8  8.2 8.3 8.5 | | 111, 113-115 |
| PURCHASING PRACTICES | | | | |
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | | 62 |
| | 103-2 Managerial approach and its components | | | 108 |
| | 103-3 Evaluation of the management approach | | | 17, 108-109 |
| GRI 204 Procurement practices 2016 | 204-1 Proportion of spending on local suppliers |  8.3 | | 108 |

| SOCIAL TOPICS | | | | |
|---|--|---|-----------------|--|
| LOCAL COMMUNITIES | | | | |
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | 62 | |
| | 103-2 Managerial approach and its components | | 38, 54, 66, 111 | |
| | 103-3 Evaluation of the management approach | | 59 | |
| GRI 413 Local communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programmes | | 71, 80-81, 99 | |
| ANTI-CORRUPTION | | | | |
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | 62 | |
| | 103-2 Managerial approach and its components | | 22, 53 | |
| | 103-3 Evaluation of the management approach | | 22-23, 59 | |
| GRI 205 Anti-corruption 2016 | 205-2 Communication and training on anti-corruption policies and procedures |  16.5 | 22 | |
| | 205-3 Confirmed incidents of corruption and actions taken | | 23 | |
| ANTI-COMPETITIVE BEHAVIOUR | | | | |
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | 62 | |
| | 103-2 Managerial approach and its components | | 24, 53 | |
| | 103-3 Evaluation of the management approach | | 24-25 | |
| GRI 206 Anti-competitive behaviour 2016 | 206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices |  16.3 | 24 | |










| SOCIO-ECONOMIC COMPLIANCE | | | | |
|---|---|---|--------------------------|--|
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | 62 | |
| | 103-2 Managerial approach and its components | | 25, 53 | |
| | 103-3 Evaluation of the management approach | | 25, 59 | |
| GRI 419 Socio-economic compliance 2016 | 419-1 Non-compliance with laws and regulations in the social and economic area |  16.3 | 25 | |
| CUSTOMER HEALTH AND SAFETY | | | | |
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | 62 | |
| | 103-2 Managerial approach and its components | | 40-42 | |
| | 103-3 Evaluation of the management approach | | 40-42 | |
| GRI 416 Customer health and safety 2016 | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services |  16.3 | There were no incidents. | |
| MARKETING AND LABELLING | | | | |
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | 62 | |
| | 103-2 Managerial approach and its components | | 43 | |
| | 103-3 Evaluation of the management approach | | 43 | |
| GRI 417 Marketing and labelling 2016 | 417-1 Requirements for product and service information and labelling |  12.8 | 43 | |
| | 417-2 Incidents of non-compliance concerning product and service information and labelling |  16.3 | There were no incidents. | |
| | 417-3 Incidents of non-compliance with marketing communications | | | |

| EMPLOYMENT | | | | |
|--|--|---|--|--------------------|
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | | 62 |
| | 103-2 Managerial approach and its components | | | 53, 90, 94-95, 101 |
| | 103-3 Evaluation of the management approach | | | 59, 93, 102 |
| GRI 401 Employment 2016 | 401-1 New employee hires and employee turnover |  5.1  8.5 8.6  10.3 | | 93 |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees |  3.2  5.4  8.5 | | 102 |
| | 401-3 Parental leave |  5.1 5.4  8.5 | | 102 |
| LABOUR – MANAGEMENT RELATIONS | | | | |
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | | 63 |
| | 103-2 Managerial approach and its components | | | 103 |
| | 103-3 Evaluation of the management approach | | | 103 |
| GRI 402 Labour – management relations 2016 | 402-1 Minimum notice periods regarding operational changes |  8.8 | | 103 |
| OCCUPATIONAL HEALTH AND SAFETY | | | | |
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | | 63 |
| | 103-2 Managerial approach and its components | | | 30-31, 54, 104 |
| | 103-3 Evaluation of the management approach | | | 57, 104 |



| | | | | | | | |
|---|---|--|--|---|---|--------|--|
| GRI 403 Occupational health and safety 2018 | 403-1 Occupational health and safety management system |  8.8 | 30, 104 | | | | |
| | 403-2 Hazard identification, risk assessment, and incident investigation | | 30 | | | | |
| | 403-3 Occupational health services | | 104 | | | | |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety |  8.8 |  16.7 | 104 | | | |
| | 403-5 Worker training on occupational health and safety |  8.8 | | 30 | | | |
| | 403-6 Promotion of worker health |  3.3 3.5 3.7 3.8 | | 101 | | | |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships |  8.8 | | 30-31, 40 | | | |
| | 403-9 Work-related injuries |  3.6 3.9 |  8.8 |  16.1 | 16, 104-105 | | |
| | TRAINING AND EDUCATION | | | | | | |
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | 63 | | | | |
| | 103-2 Managerial approach and its components | | 49, 97-98, 100 | | | | |
| | 103-3 Evaluation of the management approach | | 98, 100 | | | | |
| GRI 404 Training and education 2016 | 404-1 Average hours of training per year per employee |  4.3 4.4 4.5 |  5.1 |  8.2 8.5 |  10.3 | 16, 98 | |

| | | | | |
|---|--|---|----------------|--|
| GRI 404 Training and education 2016 | 404-2 Programmes for upgrading employee skills and transition assistance programs |  8.2 | 97-98 | |
| | 404-3 Percentage of employees receiving regular performance and career development reviews |  5.1  8.5  10.3 | 100 | |
| DIVERSITY AND EQUAL OPPORTUNITY | | | | |
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | 63 | |
| | 103-2 Managerial approach and its components | | 53, 95 | |
| | 103-3 Evaluation of the management approach | | 16, 59, 90, 95 | |
| GRI 405 Diversity and equal opportunity 2016 | 405-1 Diversity of governance bodies and employees |  5.1 5.5  8.5 | 16, 21, 90 | |
| SUPPLIER SOCIAL ASSESSMENT | | | | |
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | 63 | |
| | 103-2 Managerial approach and its components | | 53, 108 | |
| | 103-3 Evaluation of the management approach | | 108 | |
| GRI 414 Supplier social assessment 2016 | 414-2 Negative social impact in the supply chain and actions taken |  5.2  8.8  16.1 | 108 | |
| FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING | | | | |
| GRI 103 Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | | 63 | |
| | 103-2 Managerial approach and its components | | 103 | |
| | 103-3 Evaluation of the management approach | | 103 | |



| | | | | |
|--|--|---|----------------------------------|--|
| <p>GRI 407</p> <p>Freedom of association and collective bargaining 2016</p> | <p>407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk</p> |  <p>8.8</p> | <p>103, 108</p> | |
| <p>SUPPLIER HUMAN RIGHTS ASSESSMENT</p> | | | | |
| <p>GRI 103</p> <p>Management approach 2016</p> | <p>103-1 Explanation of the material topic and its Boundary</p> <p>103-2 Managerial approach and its components</p> <p>103-3 Evaluation of the management approach</p> | | <p>63</p> <p>94</p> <p>94-95</p> | |
| <p>GRI 412</p> <p>Supplier human rights assessment 2016</p> | <p>412-2 Employee training on human rights policies or procedures</p> |     <p>5.2 8.5 8.8 10.3 16.2</p> | <p>94</p> | |



HEIDELBERGCEMENT

Sustainability Report
HeidelbergCement Romania

2019