



SUSTAINABILITY REPORT 2021



NORM

Sustainability
Report

Contents

Q&A with the CEO	4
About the report	6
1. Report profile	7
2. Materiality assessment	8
We are Norm	9
3. Facts about us	10
4. Our mission and vision	10
5. Our values	10
6. Corporate governance	12
How we conduct our business	14
7. Ethical business conduct	15
8. Business continuity	16
9. Sustainability performance	17
9.1 Sustainability approach	17
9.2 Contribution to the UN SDGs	17
<i>Goal 1. No poverty</i>	17
<i>Goal 3. Good health and wellbeing</i>	18
<i>Goal 5. Gender equality</i>	18
<i>Goal 7. Affordable and clean energy</i>	19
<i>Goal 8. Decent work and economic growth</i>	19
<i>Goal 9. Industry, innovation, and infrastructure</i>	20
<i>Goal 12. Responsible consumption and production</i>	20
<i>Goal 13. Climate action</i>	20
9.3 Stakeholder engagement	21
How we grow	24
10. Our economic performance	25
11. Our social contribution	26
11.1. Master's club	28
How we support our people	30
12. Our people	31
12.1 Employee development	31
12.2 Employee wellbeing	33
12.3 Diversity and inclusion	34

How we keep our people safe	36
13. Safety culture at Norm	37
13.1 HSE risk management	39
How we protect the environment	40
14. Environmental management	41
14.1 Impact on the climate	41
14.2 Air pollution	42
14.3 Water consumption	43
14.4 Land and biodiversity	43
14.5 Waste management	44
14.6 Materials use and circular economy	45
Responsible production	46
15. Customer focus	47
15.1 Brand awareness	49
16. Research & development	50
17. Quality assurance	50
Responsible supply chain	52
18. Sustainable procurement	53
18.1 Supplier management	53
Methodology and assumptions	54
Performance tables	56
20.1 Company profile	56
20.2 Financial performance	56
20.3 Our people	57
20.4 Health and safety	58
20.5 Environment	58
20.6 Responsible production	59
20.7 Supply chain	59
Acronyms	61
GRI Index	62
Independent Assurance Statement	79

Q&A with the CEO



The year 2021 marks the fifth year of Henning Sasse in his tenure as the CEO of Norm. With over 20 years of experience in the cement and building materials industry, Henning's professional journey has brought him into different parts of the world, from France to India, from Russia to Azerbaijan.

In his capacity as the CEO of Norm, he has brought a vision of long-term sustainable growth into the Company and has pushed for a number of projects on environmental protection, social responsibility and business transformation.

This year, we decided to sit down with Henning for a one-on-one interview to speak more closely and hear about his journey at Norm.

What do you think are the highlights of 2021 for Norm? How would you describe this year in terms of the Company's development?

I would say that this year has been a year of recovery. We have put much emphasis on restoring our full-scale production and resuming our initiatives from where they were left off. While focusing on restorative efforts, we took the slower pace of economic activity around the world as an opportunity to review our processes and concentrate on internal operations. We revisited our risk management and categorization, and also appointed a risk management

coordinator to overlook this function. At the same time, we continued to expand our production portfolio by adding two new cement classes, Class D and Class G. This year has also marked the receipt of the API Spec Q1 certification, which is a standard for quality management system related to oil well cement production. However, for us it doesn't end at that. As an example for further development we are taking tangible steps towards becoming a GCCA (Global Cement and Concrete Association) member in the coming year.

In your tenure as the CEO of Norm, you have initiated a number of projects with the purpose of curbing the Company's environmental impact. Have there been any updates on these initiatives?

Most of our environmental projects have continued as usual. We strive to implement elements of circular economy in our waste management and production development. In seeking to optimize our energy management system, we conduct energy audits to manage resources more efficiently.

Currently, we are looking into expansion of wastewater recycling to use in the production cycle, as well as into utilization of alternative energy sources at some point in the future.

As we all know, sustainability is not strictly about the environment. What does Norm do in terms of social sustainability?

Social sustainability matters to us just as much as environmental sustainability. We continue to engage with the community through a number of our initiatives. Our Masters Club continues to grow, having added 1,500 new members in just one year. We maintain our support to the younger generation through our collaborative projects with universities around Azerbaijan. At the same, we offer vocational training services for people of all ages.

We have been contributing to the reconstruction of Karabakh region through donations and direct sales. At the same time, we are looking into increasing our production capacity through process optimization to ensure that we can keep up with the demand.

It is also important for me to note that none of this would have been possible without the unending and unfaltering effort of our employees, who work tirelessly every day to make all these initiatives a reality.

Looking through Norm's business conduct, it becomes obvious that you put special emphasis on compliance. Could you please share some of the updates in this regard?

We believe that ethical business conduct is of utmost importance, therefore we constantly seek new ways to ensure that we work in full compliance with our internal policies and procedures, local regulations, and international standards.

Therefore, this year we started a compliance function in the Company and are planning to hire a certified compliance officer. We have also

developed a grievance mechanism, which is an anonymous hotline through which employees can openly share their concerns and observations. We have also collaborated with the State Tax Service to fight against shadow economy by further enhancing transparency in cement market through the rule of law. To ensure that we are in full compliance with tax code, we regularly engage external reviewers.

Marking your fifth year at the Company, what would you say Norm's biggest accomplishments have been during this tenure?

The fact that we have had zero fatalities and 1 million man hours without LTI during this period. I'm proud that we were able to cultivate a rigid health and safety culture, in which all of our employees and 3rd party workers stay compliant with our safety procedures.

As the CEO of Norm, I am also proud of our ambition. In the past five years, we have been setting ambitious goals for ourselves and we have been acting on them, putting in rigorous effort on a daily basis to achieve these goals.

I believe that Norm has to be a trailblazer in the local cement industry, and we will continue to grow and pave the way not only for the **sustainable** transformation of our business, but of the local industry in general.

Henning Sasse

Henning Sasse

Chief Executive Officer



ABOUT THE REPORT

At Norm, we believe in honest
and balanced reporting.



4TH SUSTAINABILITY REPORT



GCCA ALIGNMENT



**35 KPIS EXTERNALLY
ASSURED BY AN
INDEPENDENT THIRD PARTY**



UN SDG ALIGNMENT

1. Report profile

This year marks the 4th consecutive publishing of our Annual Sustainability report, as we continue delivering on our commitment to sustainability and transparent reporting to our stakeholders. The publishing of the report helps us keep our stakeholders engaged with our Company, and provides them with information on our main initiatives, activities and operational changes during the reporting period. We used the Core Global Reporting Initiative (GRI) Standards, as well as the Guidelines of the Global Cement and Concrete Association (GCCA), as reference points for reporting in a more efficient and comparable format. Every year selected indicators in our report are assured by an independent third-party service-provider based on the International Standard on Assurance Engagements (ISAE) 3000.

Reporting cycle	Annual
Reporting scope	1 January, 2021 – 31 December, 2021
Reporting boundary	Norm OJSC
Organization name	Norm OJSC
Headquarters	Baku, Azerbaijan
Reporting frameworks	The report is written in accordance with the Global Reporting Initiative (GRI) Standards (Core) Guidelines of the Global Cement and Concrete Association (GCCA), UN Sustainable Development Goals (SDGs)
Language	English
Third-party involvement	External assurance on selected indicators

Zero waste Living

Live in harmony with nature and the environment for the sustainable future



2.Materiality assessment

Materiality assessment helps our Company identify matters most important to us and our stakeholders. It provides us with a unique opportunity to determine our long-term approach to success. Each year we conduct materiality assessment to be able to accurately assess the business environment we are working in, the expectations of our stakeholders, as well as local and global trends we should take account of.

Below you can find our materiality assessment table, with material topics that we identified in 2021. Each material topic was assessed through their potential negative and positive impacts based on criteria including severity and likelihood of the impact.



Table 2. Norm's materiality matrix

	Assessment procedure	Material topic	Negative impact		Positive impact	
			Severity	Likelihood	Severity	Likelihood
Environment	We take extensive measures to ensure that we identify our potential significant impacts on the environment in a timely manner, and set relevant mitigation measures.	Greenhouse gas emissions	High	Medium	High	Medium
		Clinker factor	High	Medium	Medium	Medium
		Circular economy and waste management	Low	Low	Medium	Medium
		Energy efficiency	Low	Low	Medium	Medium
		Water consumption	Low	Medium	Low	Low
		Land management and rehabilitation	Medium	Medium	Medium	Medium
Social	We monitor our impact on society through continuous dialogue with the local community, our employees, and all other stakeholder groups.	Health and safety	High	Medium	High	Medium
		Community engagement	Low	Medium	High	Medium
		Customer relations and satisfaction	Medium	Low	Medium	Medium
		Human capital development	Low	Low	Medium	Medium
		Employee diversity and inclusion	Medium	Low	Low	Medium
Governance	To ensure that our Company is run efficiently and integrates sustainability into the core values, we continue conducting regular review and analysis of our governance systems.	Product quality and sustainability	Medium	Low	Medium	Medium
		Business ethics and compliance	Medium	Low	Medium	Medium
		Corporate governance	Medium	Low	Medium	Medium
		Supply chain management	Medium	Low	Medium	Medium



Low



Medium



High



WE ARE NORM

At Norm, we have a strong establishment of our business and are committed to continuing our sustainable growth.



15 YEARS OF OPERATIONS



8 TYPES OF CEMENT PRODUCED



5 COMMITTEES



7 DEPARTMENTS



5 MEMBERS OF THE BOARD OF DIRECTORS

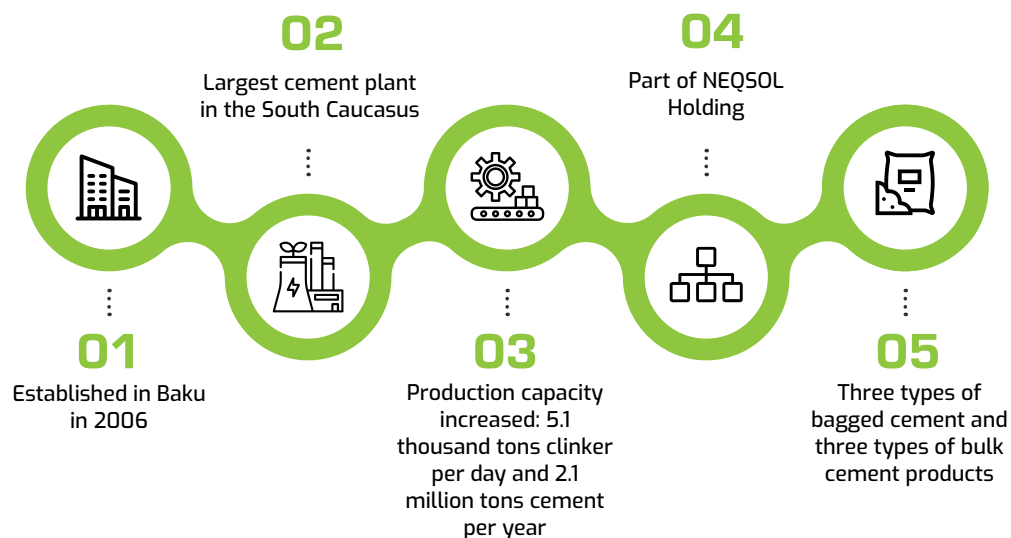


292 EMPLOYEES



5K+ TRAINING HOURS

3. Facts about us



4. Our mission and vision

Cement has become one of the basic building blocks for our society – the material we build our cities with. In the past year, the construction sector has become even more dynamic as governments and businesses around the world step up their restorative actions. As we witness these trends and understand the importance of cement production, we aspire to benefit from these opportunities and become a leader in both local and regional cement market. Thanks to the strong establishment of our business as the largest cement manufacturer in the South Caucasus region, we continue to find new areas of expansion and improvement. In 2021, we continued to uphold our commitment to sustainable growth as we introduced

two new cement classes into our product portfolio. In line with this pursuit, we have also been exploring our options to enhance our environmental management.

The quality of our cement and clinker is our biggest priority as our mission has always been to make sure every product we sell contributes to safe, strong and environmentally friendly construction. We closely monitor and have strict quality control measures throughout the whole production process.

Figure 1. Norm's vision and mission



We help to conceive and construct strong, safe, and environmentally friendly infrastructure in Azerbaijan as a building materials producer and service provider.



To be the leader and most admired building materials producer in Azerbaijan and global markets with a strong environmental conscience.

5. Our values

We hold the view that a strong business is built and established on strong values. Over the years, Norm has developed a set of values which directly correspond to our mission and vision and serve as guiding principles in all our operations.

Table 3. Norm's values



WE VALUE CUSTOMER SATISFACTION

- / WE CARE for our customers
- / WE LISTEN to what our customers have to say
- / WE DELIVER quality in everything we do

We want to make sure our customers are always satisfied and we tailor our products to their needs. We always listen to customer feedback and implement necessary changes.



WE VALUE SAFETY AND HEALTH FOR EMPLOYEES AND ALL OTHER STAKEHOLDERS

- / WE CARE for our employees and all stakeholders
- / WE VALUE the safety and wellbeing of people over everything else
- / WE BELIEVE mental wellbeing of our employees is essential to our success

Due to the nature of our operations, it is absolutely essential for us to ensure the safety and health of all our internal stakeholders. We have developed new policies and implement all necessary actions to facilitate safety and health of all stakeholders, both mental and physical.



WE VALUE PRESERVATION OF THE ENVIRONMENT

- / WE SEEK out new ways to contribute to environmental restoration
- / WE VIEW environmental pollution as a critical concern

The importance of the cement industry helps us understand its immense impact on the environment as we strive to minimize the negative effect our operations may create. Our aim is to minimize the environmental impact of our production processes.



WE VALUE INNOVATIVE SOLUTIONS

- / WE AIM to be the driving force of innovation on the regional market
- / WE BELIEVE that our success is in our innovative solutions
- WE VIEW challenges as opportunities to grow

To operate more sustainably, we maintain our focus on innovation and research. We put our efforts in researching viable solutions for the use of alternative fuels and raw materials as well as utilization of alternative energy in our operations in the near future.



WE VALUE INTEGRITY

- / WE KEEP our actions transparent and virtuous
- / WE BELIEVE in equality and accountability

We are committed to conducting business with integrity and honesty. We focus on building a safe work environment and honest business conduct.

6. Corporate governance

We are convinced that good corporate governance is the foundation for a successful business. We continue to hold ourselves to the highest standards of business conduct, constantly reviewing our operations at every level. Our Company has three governance bodies in accordance with the global best practice that ensure multiple levels of accountability and review.

Table 4. Management structure of Norm

The top management of Norm includes Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operation Director (COD) and Chief Commercial Officer (CCO).

The top management oversees the Company's day-to-day activities and reports to the BoD.

The C-level team of Norm sets the overall direction of the Company, including strategic decisions, product development, and sets sustainability targets.

The General Meeting of the Shareholders (GMS) is the primary corporate governance body that essentially governs our business.

The GMS receives reports from the Board of Directors (BoD) on the Company's performance and presides over the BoD.

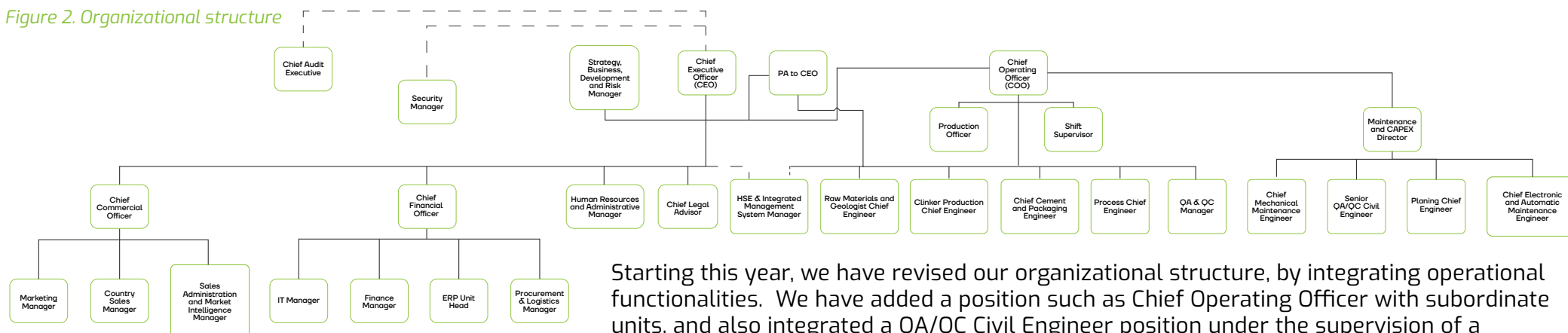


The Board of Directors oversees the Company's affairs, including all business and financial issues along with all operational matters, including HSE, corporate governance, corporate social responsibility, ethics, and compliance.

BoD agenda also includes sales and external relations, on top of the overall strategy setting and goal determination. BoD develops annual action plans for each department, which are later translated into appropriate Key Performance Indicators (KPI), to achieve the best performance from our Company.







We hold weekly management meetings, where the company management shares the progress and decides on the targets and priorities for the week. On a monthly basis, each department hands in reports on the monthly progress and their resolutions to present to the CEO. We believe that through such hierarchy of accountability we can build transparency in our Company through our continuous efforts to ascertain that all governance bodies are aware of the current issues in each business unit.

Figure 2. Organizational structure



Starting this year, we have revised our organizational structure, by integrating operational functionalities. We have added a position such as Chief Operating Officer with subordinate units, and also integrated a QA/QC Civil Engineer position under the supervision of a Maintenance and CAPEX Director. To support the work of our management, we have established five committees that supervise the work of their respective functions. Our committees include Human Resources Committee, Internal Audit Committee, Credit Committee, Tender Committee, and Ethics Committee. For more details, refer to **Table 5**.

Table 5. Committees of Norm

	Metrics		Description		Metrics		Description
 HR Committee	Status	Non-executive	HR Committee advises BoD on HR issues. The committee sets the agenda for appropriate HR matters to be passed on to the BoD, which makes the final decision.	 Tender Committee	Status	Executive	Our Tender Committee is the main body responsible for the tendering process, decision-making on selection, and procurement of goods and services.
	Reports to	BoD			Reports to	CEO	
	Members	2			Members	5	
 Internal Audit Committee	Status	Non-executive	Internal Audit Committee provides compliance updates ensuring full compliance of our business with the appropriate regulatory frameworks. The Committee also monitors the financial issues of the Company.	 Ethics Committee	Status	Executive	Our Ethics Committee is in charge of examining alleged breaches of discipline and resolving any outstanding ethical issues.
	Reports to	BoD			Reports to	CEO	
	Members	3			Members	3	
 Credit Committee	Status	Executive	Credit Committee focuses on the development and execution of a sales strategy. It also manages the Company's credit portfolio to oversee the effectiveness and administration of credit-related policies.	 Disciplinary Committee	Status	Non-executive	Our Disciplinary Committee focuses on investigating disciplinary incidents.
	Reports to	CEO			Reports to	CEO	
	Members	5			Members	7	



HOW WE CONDUCT OUR BUSINESS

At Norm, we want to be
change agents.



API SPEC Q1 CERTIFIED



8 PRIORITY SDGS



8 STAKEHOLDER GROUPS



5 PRIMARY RISK CATEGORIES



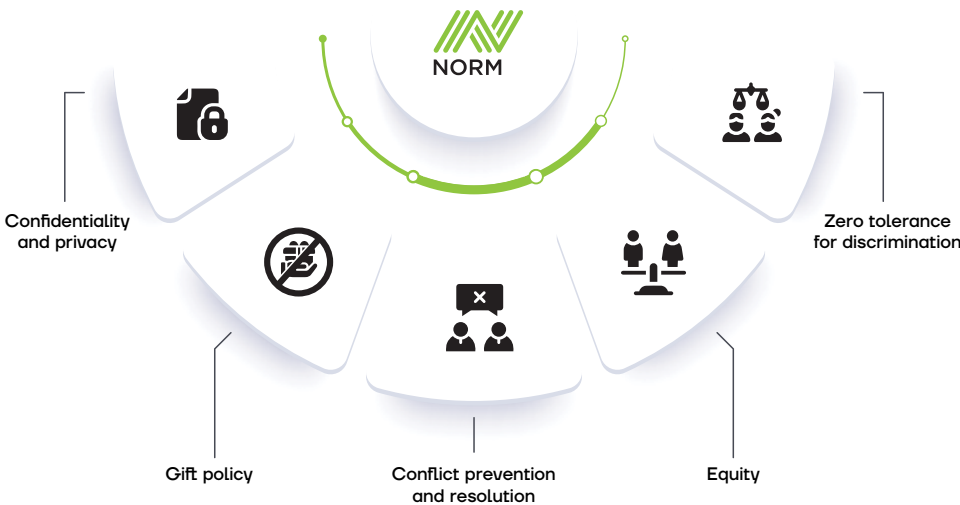
10 SELECTED SDG TARGETS

7. Ethical business conduct

Since the establishment of our Company, we have been taking decisive measures to ensure that our business is conducted in line with international standards and global best practices, while remaining fully compliant with the local regulations and our Charter. The Corporate Governance Standards adopted by the Ministry of Economy of Azerbaijan in collaboration with the International Finance Corporation, provide a clear framework for us to ensure that we act on our commitment to good governance, ethical business conduct and compliance.




As a Company, we value integrity and transparency and make every effort to ensure that we incorporate these qualities into every scale of our operations. We are committed to cultivating a culture of inclusivity with zero tolerance for discrimination, and as such our Code of Ethics guides our employees in their personal conduct, providing a framework for ethical decision-making at every level. As demonstrated in the Figure 3, the Code covers a range of issues pertaining to ethical business conduct.

Figure 3. Scope of issues governed by Norm's Code of Ethics



Norm's pursuit of ethical business conduct is further reaffirmed by our commitment to complete transparency. As a company devoted to people, we want to ensure that our stakeholders have access to all the information necessary to make fully informed decisions. With this purpose, we continue our practice of regular reporting to the appropriate governmental bodies on a variety of issues.

Table 6. The regulatory bodies and scope of Norm's regular reporting practice

Reporting to	Reporting on
 Central Bank of Azerbaijan	Corporate governance Financial performance Compliance with securities market regulations
 Ministry of Ecology	Regulatory compliance 2-TG statistical reports on waste, water, and air emissions
 Ministry of Emergency Situations	Regulatory compliance

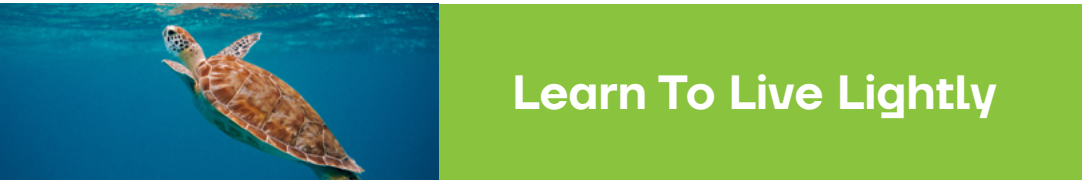


As a company that values ethics and integrity above all, we have put in place a number of measures to ensure that our operations are fully in line with the local legislation and regulations as well as international standards. As a member of the **European Cement Research Academy** and **Turkish Cement Manufacturers Association**, we strive to stay on top of the global trends in our industry, allowing us to retain competitiveness on the market.

Table 7. Norm's compliance frameworks

Legal compliance		
The Law of the Republic of Azerbaijan		Company Charter
Industry-specific compliance		
API standards	European Cement Research Academy	Turkish Cement Manufacturers Association
ISO 9001	ISO 45001	ISO 14001
Industry-specific compliance		
Provisions of the International Labor Organization		Provisions of the United Nations

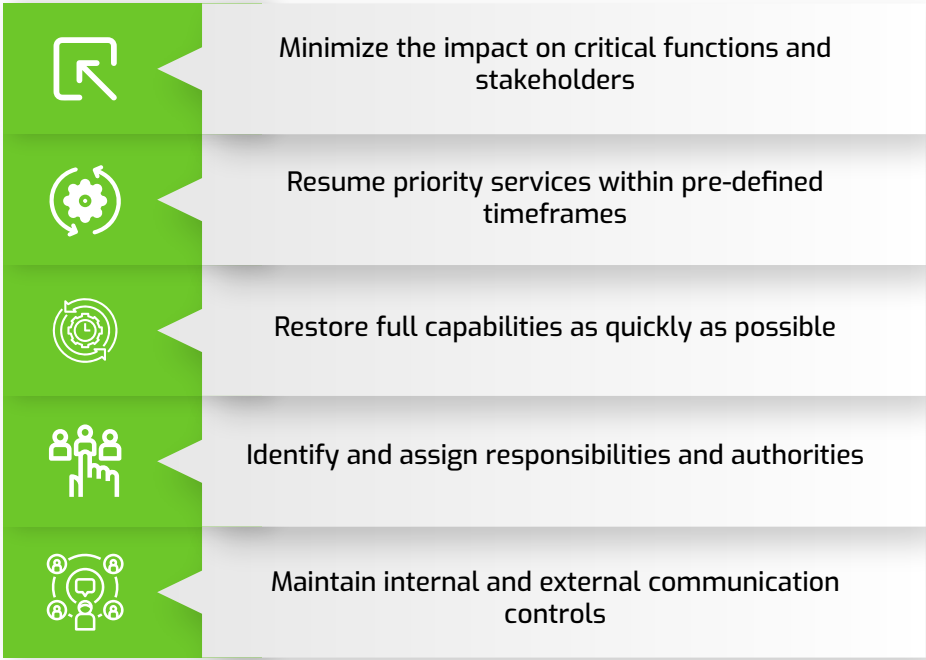
As a result of our unfaltering commitment and tireless effort, we are proud to say that in the year 2021, we underwent audit in terms of compliance with API Standards, and subsequently became the first producer in South Caucasus to receive an API certificate by gaining the **API Spec Q1 certification**, which is a standard for quality management for manufacturers and product quality.



8. Business continuity

We believe that a successful business is a compound of a company's preparedness in the face of a crisis and the flexibility to adapt to the circumstances as they arise. As we strive to ensure seamless operations, navigating our way through a multitude of disruptive events, such as the global COVID-19 pandemic, we continue our endeavor to safeguard an effective and exhaustive risk management system. Our business continuity efforts are governed by the Health & Safety and Integrated Management System (IMS) departments. Developed in 2020, our Contingency Planning model makes provisions for a timely identification of potential risks and threats that may hinder the quality and delivery of products. The model also sets the procedures for risk mitigation, such as the actions and tools to be utilized in response to different risk categories. We aim to ensure that the objectives of the model are met regardless of the circumstances and their severity.

Figure 4. The objectives of Norm's Contingency Planning model



We have prioritized six risk categories in our operations. According to these categories, we have developed possible risk mitigation and reduction strategies that we follow. To guarantee that we find the most appropriate and relevant response measures to risks, we have categorized them by type of nature, which can be seen in [Figure 5](#).

Figure 5. Norm's primary risk categories

Category	Risks
 Basic	<ul style="list-style-type: none"> • Fires • Explosions
 Special	<ul style="list-style-type: none"> • Building collapse • Vehicle impact • Liquid material spill
 Natural	<ul style="list-style-type: none"> • Earthquakes • Volcanic activity • Extreme weather events
 Political	<ul style="list-style-type: none"> • Arson and other malicious damage • Strikes
 Operational	<ul style="list-style-type: none"> • Equipment shutdown • Blackouts
 Supply Chain	<ul style="list-style-type: none"> • Supplier risk evaluation • Logistics

9. Sustainability performance

9.1 Sustainability approach

Recognizing that our role as the largest cement producer in South Caucasus entails certain unique responsibilities, we strive to not only be leaders in the production market, but the catalysts of sustainable business conduct in the region. Our sustainability efforts range across a variety of ESG issues, such as curbing our adverse environmental impact, and maximizing our positive influence on the society through initiatives such as our CSR activities and human

rights advocacy. We continually seek to integrate sustainability not only through stand-alone external initiatives, but also through adopting it at every level of our business processes, through individual and team effort. Recognizing that sustainability is culture-driven, we aim to promote a culture of growth and accountability, in which every employee has the ability to reach their full potential and therefore contribute to the betterment of our impact on the wider society.

The outlook of our management on sustainability is pivotal in carving the path for a sustainable company. All governance bodies are actively involved in the promotion of a more sustainable business conduct. By integrating sustainability into our business, starting from strategic decision-making to day-to-day activities, we ensure that our operations are continually in line with our commitment to sustainable growth.

9.2 Contribution to the UN SDGs

As we have reiterated in our previous sustainability reports, our commitment to sustainability is reflected through our numerous initiatives, which we hold in line with the UN SDGs. As a responsible producer, we strive to ensure that we play our part in the achievement of the SDGs. With this goal, we have set priority SDGs with corresponding short-, medium-, and long-term goals¹ we have been regularly reporting on through our sustainability reports since 2019.

GOAL 1. NO POVERTY



Target 1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.

Our response: Recognizing the economic role we play as the largest cement producer in South Caucasus, we regularly prioritize hiring new employees from the local pool of applicants and provide them with fair and competitive compensation.

¹For the calculation the progress of all our SDG indicators, we have taken 2018 as a base year.

Table 8. Norm's KPIs with targets pertaining to SDG 1.

KPIs	Short-term (2023)	Mid-term (2025)	Long-term (2030)	Current (2021)	Reference to section
Ratio of entry level wage by gender	1:1	1:1	1:1	1:1	Our economic performance
Number of CSR initiatives with and for vulnerable groups	Up by 5%	Up by 10%	Up by 15%	Up by 2%	

GOAL 3. GOOD HEALTH AND WELLBEING



Target 3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

Our response: We recognize that our operations pose a number of risks for our employees, such as risks associated with cyclone blockage removal, therefore, we regularly seek to mitigate HSE risks through a number of decisive actions. In the reporting year, we have conducted a cumulative of 3,240 hours of training on HSE for all of our employees. We have also received 18 suggestions on improving our HSE function in the day-to-day activities from our employees. All suggestion have been reviewed, while 90% of them have been implemented.



Target 3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.

Our response: As a responsible producer, we strive to conduct our business in a way that does not harm the local population, nor the environment. We continue to implement a number of projects and initiatives that minimize our impact on the environment, as well as our use of hazardous materials or generation of hazardous waste.

Table 9. Norm's KPIs with targets pertaining to SDG 3.

KPIs	Short-term (2023)	Mid-term (2025)	Long-term (2030)	Current (2021)	Reference to section
Workplace fatality	N/A	0	0	0	How we keep our people safe
LTIs at Norm	N/A	0	0	0	
LTI's among contractors working a site	N/A	0	0	0	

GOAL 5. GENDER EQUALITY



Target 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life.

Our response: While cement production is a male-dominated industry, we continually seek ways to encourage more women to join our workforce by offering equal opportunities. We promote women's participation in leadership positions within our Company to ensure gender inclusivity and proper representation.

5 GENDER EQUALITY



Target 5.8 Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women.

Our response: Through our ethical business conduct, we ensure that women face no gender-based discrimination throughout the recruitment process and beyond. At the same time, we seek to promote STEM education among girls in the society to break stereotypes and pave the way for everyone to achieve success in the STEM field regardless of gender.

Table 10. Norm's KPIs with targets pertaining to SDG 5.

KPIs	Short-term (2023)	Mid-term (2025)	Long-term (2030)	Current (2021)	Reference to section
Proportion of female employees	Overall 12%	Overall 13%	Overall 15%	Overall 9.9%	Diversity and inclusion

GOAL 7. AFFORDABLE AND CLEAN ENERGY

7 AFFORDABLE AND CLEAN ENERGY



Target 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.

Our response: As we strive to incorporate sustainability into all our operations, we want to ensure that we take all necessary measures to minimize our environmental footprint. In 2019, we performed research to assess the application of alternative fuels and raw materials (AFR) for clinker production and finalized a feasibility study. We are in the process of applying the findings of this study to our operations.

Table 11. Norm's KPIs with targets pertaining to SDG 7.

KPIs	Short-term (2023)	Mid-term (2025)	Long-term (2030)	Current (2021)	Reference to section
Specific Electrical Energy Consumption (kWh/t cement)	Down by 15.6% 91.3	Down by 18.3% 88.3	Down by 24.6% 84.5	Down by 18.7% 87.9	How we protect the environment
Specific Thermal Energy consumption (kcal/kg clinker)	Down by 11.5% 788	Down by 12.6% 778	Down by 13.7% 768	Down by 13.4% 770.7	

GOAL 8. DECENT WORK AND ECONOMIC GROWTH

8 DECENT WORK AND ECONOMIC GROWTH



Target 8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.

Our response: Norm is committed to the principle of equality of opportunity and aims to provide people with professional and academic opportunities regardless of gender, age, race, ethnicity, or physical capabilities. Therefore, we have enshrined these core beliefs into our Code of Ethics to ensure that all our employees work in line with these values.

Table 12. Norm's KPIs with targets pertaining to SDG 8.

KPIs	Short-term (2023)	Mid-term (2025)	Long-term (2030)	Current (2021)	Reference to section
Recruitment of people with disabilities (of annual average number of employees)	1.5%	2%	5%	1.4%	Diversity and inclusion

GOAL 9.
INDUSTRY, INNOVATION, AND INFRASTRUCTURE



Target 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

Our response: We strive to foster an environment of innovation and creativity within our company. We encourage our teams to build innovative and original solutions to the issues we face. We seek to contribute to the development of an inclusive infrastructure by our continuous cooperation with the goal of regional development in Azerbaijan.

Table 13. Norm's KPIs with targets pertaining to SDG 9.

KPIs	Short-term (2023)	Mid-term (2025)	Long-term (2030)	Current (2021)	Reference to section
Net Promoter Score	75	76	78	75	Customer focus

GOAL 12.
RESPONSIBLE CONSUMPTION AND PRODUCTION



Target 12.4 By 2030, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil to minimize their adverse impacts on human health and the environment.

Our response: The cement industry at large has extensive potential for circular economy. As the regional leader in the industry, we strive to utilize the opportunity to contribute to responsible consumption and production efforts to the best of our ability.

Table 14. Norm's KPIs with targets pertaining to SDG 12.

KPIs	Short-term (2023)	Mid-term (2025)	Long-term (2030)	Current (2021)	Reference to section
Alternative Fuel Thermal Substitution rate	Overall 0%	Overall 3%	Overall 10%	0%	
Clinker factor (average % per product portfolio)	Overall 79.8%	Overall 79.2%	Overall 78.7%	78.0%	

GOAL 13.
CLIMATE ACTION



Target 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

Our response: Recognizing that our operations may leave a potential negative impact on the natural environment and the local ecosystems, we strive to maximize our environmental efforts and minimize our potential contribution to climate change.

Table 15. Norm's KPIs with targets pertaining to SDG 13.

KPIs	Short-term (2023)	Mid-term (2025)	Long-term (2030)	Current (2021)	Reference to section
Specific net CO ₂ Emission (kg CO ₂ /t cement)	Down by 2.46% 582	Down by 4.30% 571	Down by 7.09% 554	Down by 5.90% 561	Impact on the climate
Specific Net Dust Emission (g/ton cement)	Down by 68.9% 155	Down by 74.2% 128	Down by 81.6% 92	Down by 66.2% 168	
NOx (g/ton clinker)	Down by 73.8% 780	Down by 74.6% 755	Down by 77.1% 680	Down by 73.7% 784	

9.3 Stakeholder engagement



We are committed to establishing clear and direct communication channels with our stakeholders, recognizing that our activities and operations affect a number of diverse groups within the society. We care deeply about maintaining meaningful relationships with our stakeholders, because we believe it's an essential component for improving our operations and the services we provide. We recognize that to be successful, we have to ensure that we hear back from all of our stakeholders, timely address their concerns, and put in substantial effort to improve.



		How we communicate	What we communicate
 Employees	<p>Our employees hold immense value for us as a company, and we recognize that the success of a company is built by individual success of each employee. We strive to recognize real talent and provide opportunities to learn and develop for all of our employees. We have cultivated a rewarding work environment by improving career development pathways, training activities, and loyalty bonus programs. Meetings, internal surveys, and mail communications are regularly conducted for timely updates on company-related news and changes. We encourage honest and direct feedback that goes both ways to foster a culture of growth and integrity.</p>	<ul style="list-style-type: none"> • Team meetings • Performance assessment and objective setting • Development programs • Engagement surveys • Training • Events • Communication of internal changes and policies 	<ul style="list-style-type: none"> • Opportunity for career development • Health and safety at work • Information provision and transparency • Skills and competence building • Team-building • Diversity and inclusiveness
 Customers	<p>We provide high-quality products and services tailored to the individual needs of our customers. To improve customer satisfaction level and to demonstrate strong support, we thoroughly assess customer feedback and inquiries through our surveys and respond promptly to any concern of customers through our communication channels, such as our 927 hotline and representative offices among others.</p>	<ul style="list-style-type: none"> • Customer service representatives • Grievance mechanism • Semi-annual reports prepared by Business • Insight on customer satisfaction and brand reputation • Customer feedback • Social media • Sustainability reports • Meetings and field interviews 	<ul style="list-style-type: none"> • Satisfaction of customers' needs • Promotion of mutual trust and transparency
 Suppliers & Contractors	<p>Our supply chain covers both local and international companies of different sizes. We perform an effective selection of suppliers and contractors through quality assessment and tender procedures.</p>	<ul style="list-style-type: none"> • Training for local suppliers • Supplier assessment procedures 	<ul style="list-style-type: none"> • Enhanced effectiveness and quality throughout the value chain • Opportunities for local suppliers • Industry synergies • Compliance with standards and best practices and prevention of anti-bribery & corruption risk exposure
 Government	<p>We continuously maintain a dialogue with the government and local authorities to sustain the safety and security of operations and to improve our ethics, anti-corruption, and compliance performance. Moreover, Norm actively participates in investment programs for regional development as part of our cooperation with public institutions.</p>	<ul style="list-style-type: none"> • Public meetings • Site visits • Regular reporting to government institutions 	<ul style="list-style-type: none"> • Promotion of transparency and mutual trust • Partnerships with municipal and national governments

		How we communicate	What we communicate
 Local community	<p>We implement our social contribution programs while maintaining close and continuous contact with the local community to ensure that our activities such as donations, charity, financial and nonfinancial monetary assistance, and sponsorship programs reflect the needs and priorities of the community.</p>	<ul style="list-style-type: none"> • Community development programs • Grievance mechanism • Semi-annual reports prepared by Business • Insight on customer satisfaction and brand reputation • Public meetings • Surveys • Charity activities • Social media • Sustainability reports • Meetings and field 	<ul style="list-style-type: none"> • Support for local communities • Promotion of mutual trust and transparency • Promotion of sustainability principles
 Shareholders	<p>We regularly publish financial and sustainability reports and disclose other relevant information in a timely manner, and hold regular meetings with the shareholders to increase the effectiveness of our relations.</p>	<ul style="list-style-type: none"> • Shareholder meetings • Financial reports • Sustainability reports 	<ul style="list-style-type: none"> • Shareholder value and transparency • Having in place proper controls, governance and risk management processes
 Media	<p>We regularly update our website and official social media accounts with reliable, relevant, and complete information.</p>	<ul style="list-style-type: none"> • Press releases • Social media • Press events 	<ul style="list-style-type: none"> • Shareholder value and transparency • Having in place proper controls, governance and risk management processes
 NGO	<p>Norm takes an active part in social development by collaborating with non-profit and non-governmental organizations through public consultations and charity activities.</p>	<ul style="list-style-type: none"> • Public consultation • Charity activities 	<ul style="list-style-type: none"> • Participatory dialogue • Support for local communities



HOW WE GROW

At Norm,
everyone matters.



1500 NEW MASTERS' CLUB MEMBERS



600,000 AZN DONATIONS TO KARABAKH REVIVAL FUND



170,8 MLN AZN REVENUE



9% REVENUE GROWTH



5,5 MLN AZN SPENT ON SOCIAL CONTRIBUTIONS

10. Economic performance

In 2021, the global economy began to slowly recover from the effects of COVID-19 and the lockdowns that followed. Despite these challenging economic conditions both on local and global scales, Norm has been able to retain its growth trajectory and maintain its momentum. We recognize that our role in the overall economy of Azerbaijan is continually growing as we expand our operations on the market. Therefore, we seek to contribute to the economic development of the country through revenue generation, direct employment, tax contribution, and investments.

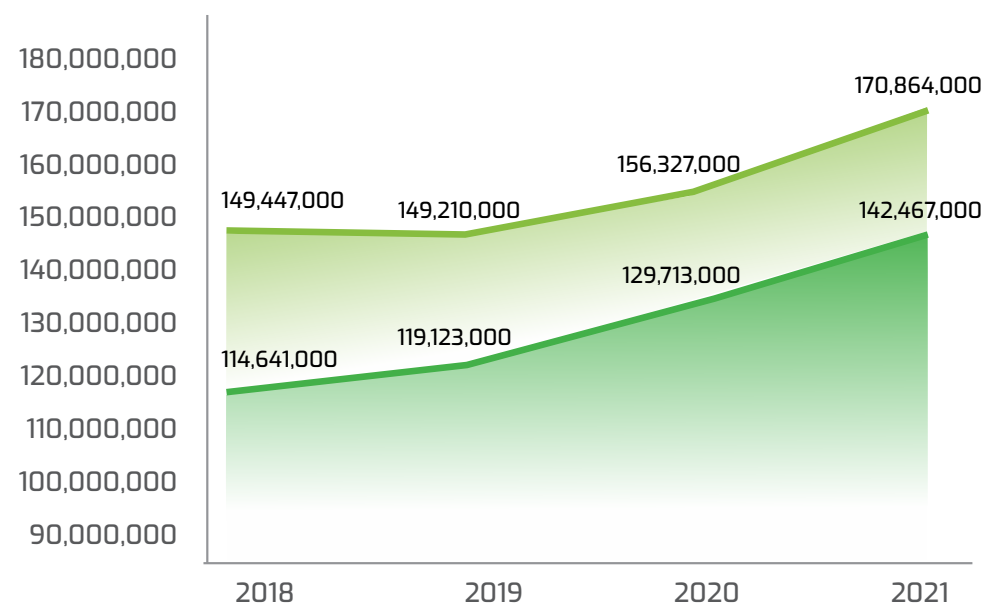
We continue to estimate our direct, indirect, and induced impact on the society and the economy through a selection of metrics, which can be seen in Table 16.

Table 16. Economic performance trend, AZN

Metric	2021	2022	Change
Revenue	156 mln	171 mln	↑ 9%
Salary, bonuses and other payments to employees	15 mln	18 mln	↑ 19%
Total social expenses	2 mln	6 mln	↑ 140%
State budget related expenses, including:	13 mln	14 mln	↑ 2%

Our goal as a responsible producer is to attain sustainable growth with minimal negative impact on the environment and maximized positive impact on the society. In 2021, we launched two new classes of cement, which contributed to our successful recovery efforts. Compared to the previous year, we have achieved a 9% growth in revenue generation and 5% increase in cement production. Our economic value distributed has grown by 10% since 2020, while economic value retained has reached a 7% growth in just one year.

Table 17. Economic value generated vs. distributed, AZN

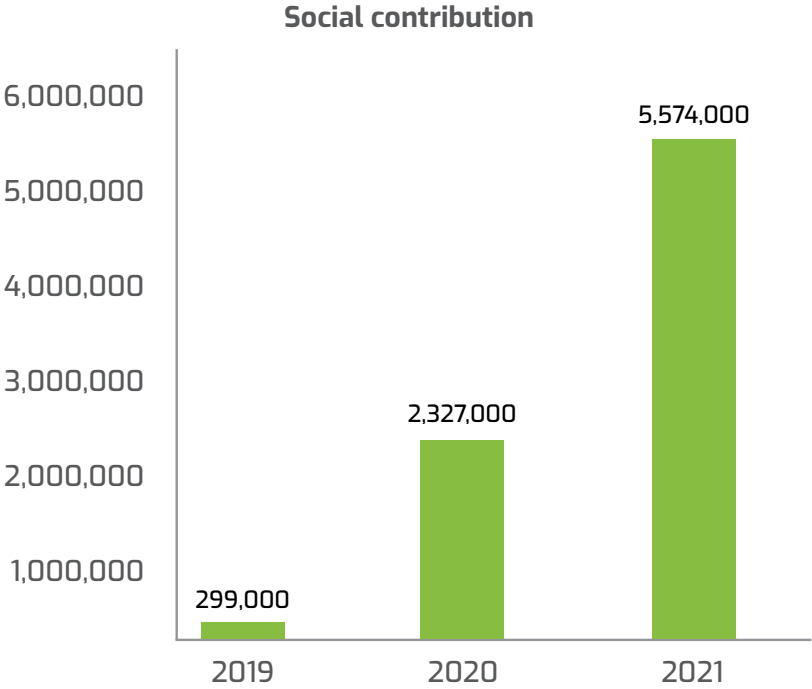


**The future is green
energy, sustainability,
renewable energy**



In support of our commitment to ethical and transparent business conduct, we continue to cover tax payments in our sustainability reports. During the reporting year, we paid 13,744,000 AZN of total taxes, which is 2% higher than our previous year contribution. Our expenses on human resource management, which include salary, bonuses, and other payments to employees, have grown by 19% since 2020. Furthermore, we strive to enhance our presence within the community through generation of real value for people in the form of various initiatives, donations, and sponsorships, in line with our pursuit of sustainable development. As such, we have increased our expenditures on social contribution by 140% in 2021. To learn more about our approach to social contribution, please refer to the next section, titled 'Our social contribution'.

Figure 6. Social expenses of Norm, AZN



Sustainability is no longer about doing less harm. It's about doing more good.

11. Our social contribution



We are deeply committed to enhancing the livelihood and wellbeing of the local communities. We recognize that as a significant economic player and an employer, we are responsible for driving a positive change within the society by constantly improving our business conduct and strengthening our sustainability performance. We hold the view that investing into the community is a long-term success strategy, as the society is one of the three crucial pillars of ESG. Understanding our ability to contribute to the society in a variety of ways, our initiatives cover a wide array of issues, ranging from education to infrastructure development.

Table 18. Norm's social activities



Education

Our stance on education is simple: education is the foundation of a thriving society. We constantly seek opportunities to support education of the youth and professionals in the country by holding lectures, training activities, and presentations for different audiences.

Norm maintains its sponsorship for educational TV programs



Infrastructure development

Norm has been implementing a series of activities to maintain social support by providing cement to the liberated regions and by covering renovation efforts for free. We recognize the importance of regional development, and seek to identify most effective ways to interact regularly with the residents of the regions and focusing on the interests of local communities.

600,000 AZN donated to the Karabakh Revival Fund



Advertising

Norm pays special attention to advertising activities and provides ample support to projects aimed at developing science, education, and the local film industry.

Norm supports local filmmakers by providing financial encouragement to the local film production industry



Environmental action

Recognizing the importance of the natural environment for the sustenance of humanity and local ecosystem, we seek to foster environmental awareness among our employees through various campaigns and environmental action. Our efforts in this area are highly regarded by our employees and the wider community alike.

100 trees planted by Norm throughout Azerbaijan



Partnerships

To forge and foster sustainable partnerships with peer companies, in 2020 we initiated the establishment of the first Cement Association in Azerbaijan. The main sustainability goals planned for the activities of the Association are safety measurements, waste management, circular economy, knowledge sharing and support for the development of the cement industry.

Establishment of the first Cement Association in Azerbaijan

Launched a new project, "Cooperation for durability" for social media users



Social action

Sustainability does not end with environmental action only: we care for the people of Azerbaijan. We strive to provide vulnerable communities with resources to which they may otherwise lack access.

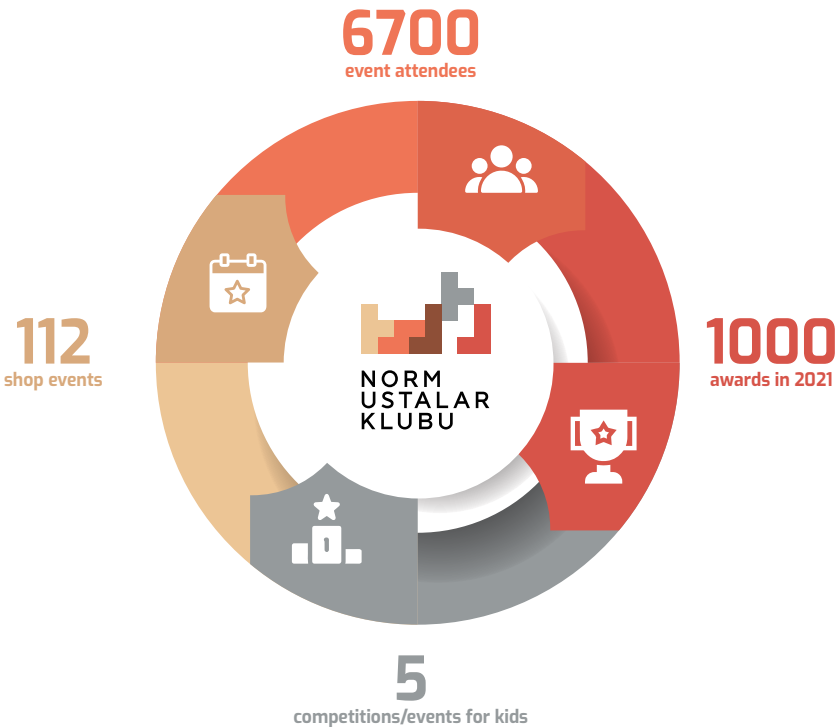
Provided food aid to 350 low-income families in Bina settlement and Garadagh"

11.1 Master's Club

Established six years ago, Master's Club is Norm's unique initiative that comprises solutions to a number of issues ranging between communication between the producer and end-customers to skills development. The Club provides us with the opportunity to receive feedback on the quality and utilization of our products directly from the customers. The Club offers its members the opportunity to learn and grow by sharing knowledge and expertise and participating in a variety of social programs. In 2021, we continued to host meetings with the Club members across the country, during which we discussed a number of the most pressing issues. We also held competitions for the children of the Master's Club members with the aim of promoting handcraft among the youth.

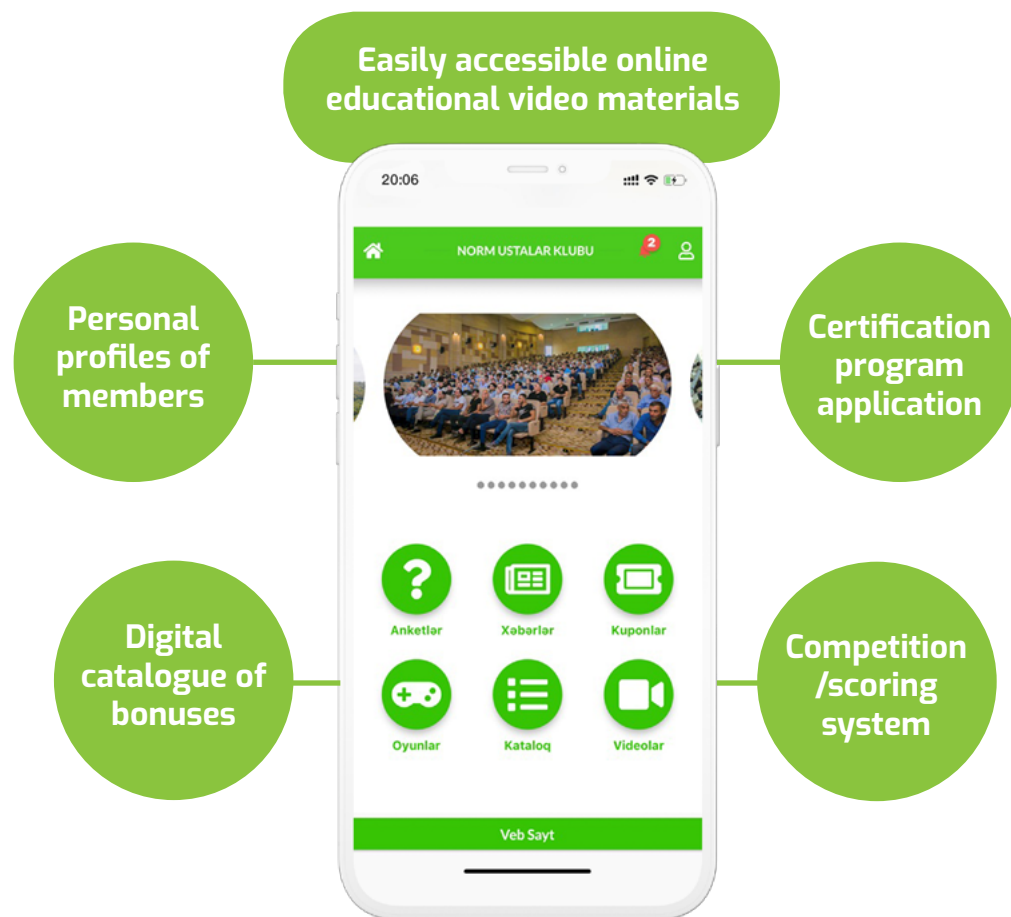
Recognizing the responsibility we hold as the industry leaders in the region, we actively seek opportunities to share our knowledge to contribute to local talent development. With this goal, we continued holding training activities for the Club members throughout the reporting year to promote new product features and enable masters to further develop and improve their skills. With the aim to reward the most actively engaged members of the Club, we issue awards and certifications, as well as hold lottery and bonus programs. In 2021, 1,000 most active members of the Club were rewarded with various electronic gifts. To maintain continual communication with the Master's Club members, we reach out to them through emails, phone calls, and SMS throughout the year.

Figure 7. Master's Club membership over the years



As the global arena continues to shift towards a digital transformation, we strive to stay on top of these trends and adapt to the changing environment. By launching our online platform for the Master's Club activities in 2020, we took another leap in our social commitment through the improvement of the management process. The Norm Master's Club (Norm UK) mobile application enables the Club members and the Norm team to build more meaningful connections by maintaining more consistent communication, while also allowing us to work with big data and reach a wider audience in a more effective way.

Figure 8. Main features of Norm UK app



C₃ O₁ N₁ S₁ U₁ M₃ E₁

L₁ E₁ S₁ S₁

S₁ H₄ A₁ R₁ E₁

B₃ E₁ T₁ T₁ E₁ R₁



HOW WE SUPPORT OUR PEOPLE

At Norm, everyone has an equal
chance to thrive.



19 NEW EMPLOYEES



**76% EMPLOYEE
SATISFACTION RATE**



**INDIVIDUALIZED CAREER
DEVELOPMENT PLAN**



SOCIAL BENEFITS PACKAGES



**HUMAN RESOURCE
MANAGEMENT SYSTEM**

12. Our people

OUR TEAM IN NUMBERS



292

total employees



9%

**of all employees are people
from vulnerable groups**



1.0

**ratio of basic male salary to
basic female salary**



15%

of all new hires are women



7%

employee turnover rate

12.1 Employee development

As the industry leader, we recognize the role of learning and development in our journey to success. As we endeavor to develop the quality of products and services, the drivers of this incessant change are our employees. We strive to invest into our team and create favorable conditions for their personal and professional development, recognizing that our greatest investment is in the skills and knowledge of the people who are the driving force of our success.

For the past three years, our employee development program has been managed through the Human Resource Management system. The system encompasses a number of tools to ensure appropriate management of the process.

Figure 9. HRM system tools



**Grading
system**



**Talent
management**



**Employee
engagement
survey**

As one of the pioneers on the Azerbaijani market, we have developed a succession management process through which we develop roadmaps for our senior staff to fulfil their potential for leadership roles. This process enables us to retain our top talent and encourage business continuity.

To ensure that our employees receive the most relevant and well-suited career development plan, we have cultivated a performance management culture that is fully aligned with our corporate goals. Employee performance objectives and goals are individually-tailored to each employee, while staying consistent with our corporate purpose and values. To ensure accurate tracking of performance, each employee gets assigned certain individual KPIs specific to their abilities and responsibilities alongside corporate KPIs that are applicable to everyone. At the same time, employees receive a detailed and objective review of their performance and professional behavior at least once per year.

During the reporting year, we continued our coaching program, which establishes a tailored career development plan for each employee with the considerations of their unique set of skills, knowledge, and responsibility. This program is currently available to top executives and senior management.

Figure 10. Benefits of Norm's coaching program



As part of our employee development initiatives, we hold a number of training sessions for employees. Trainings are either general trainings for all employees, such as occupational health and safety response or COVID-19 instructions, as well as trainings specific to the department, such as forklift operation or SAP HCM & Fiori configuration. Some sessions also vary by type of attendance, voluntary or mandatory. As a responsible employer, we continue to adjust our learning programs depending on external factors and circumstances, therefore some of the training sessions are conducted online, while the rest are held in-classroom.

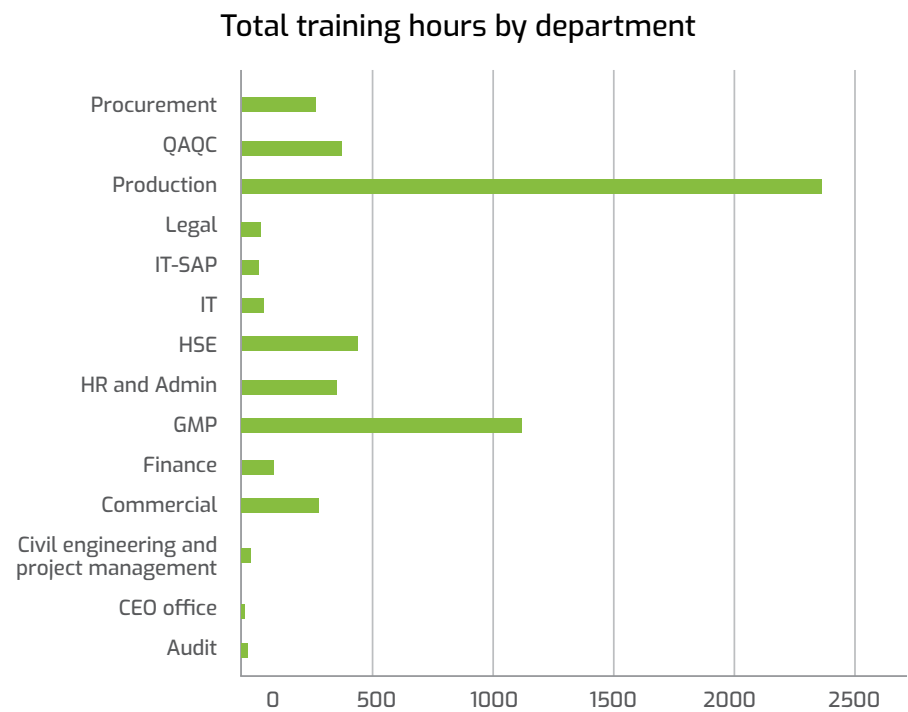
Table 19. Training hours at Norm, 2019-2021

	2019	2020	2021
Average number of training hours	5,734	2,062	5,382

Due to the COVID-19 pandemic, some of the training sessions were not held as the specificity of conduction did not allow for the hybrid option. Therefore, the total hour of trainings held in 2020 is significantly lower than in previous year. However, in the reporting year we were able to bounce back to normal and held all training sessions as usual.

In 2021, we have joined the initiative of NEQSOL Holding on training and development, titled 'NEQSOL Academy'. NEQSOL Academy is a state-of-the-art local learning platform available in six languages and providing training for over 10,000 employees. This platform aims at enhancing companies' opportunity for sustainable growth through providing high-quality content developed in partnership with educational institutions and learning platforms.

Figure 11. Total training hours by department

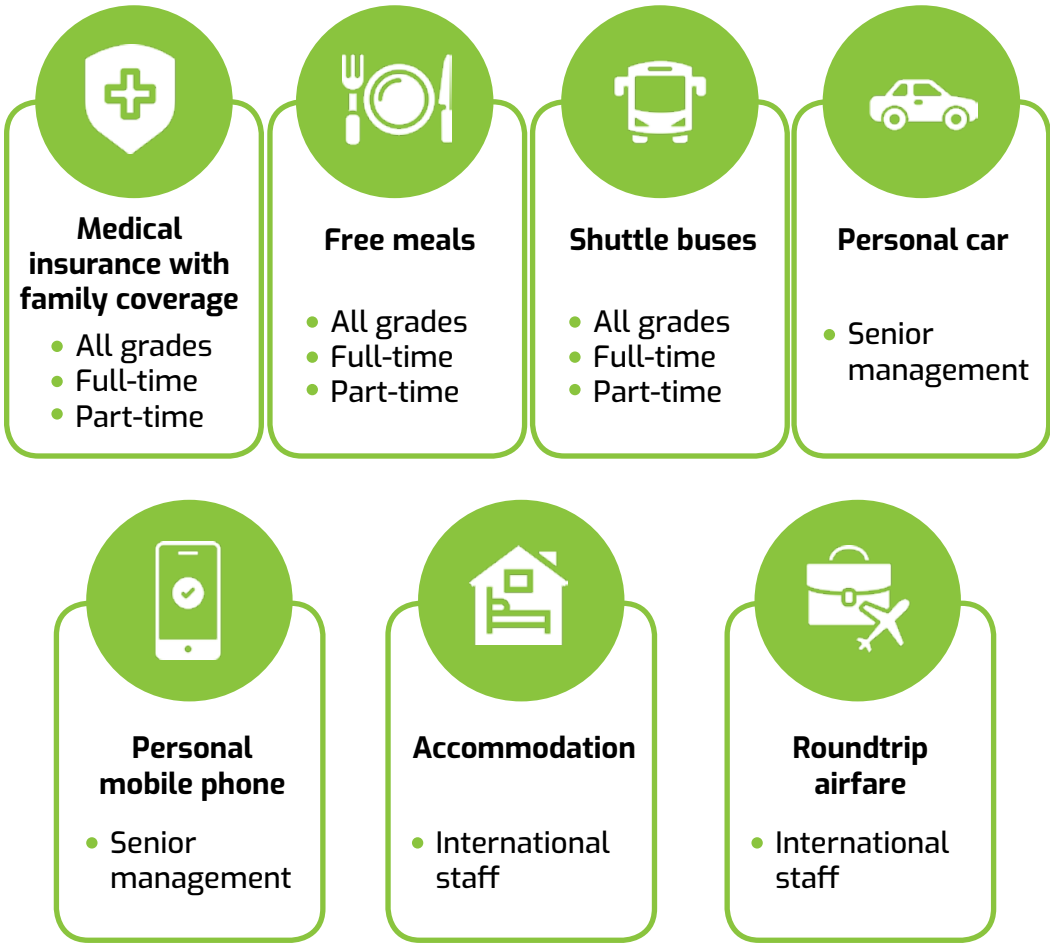


12.2 Employee wellbeing

We pride ourselves in our commitment to our employees. We continually strive to ensure that our employees have access to the best benefits and we seek to accommodate their needs to the best of our ability. To ensure that we act on our commitment, we aim to foster an environment in which all of our employees are treated equally in a just and balanced reward culture. For this reason, we partnered with a third-party service provider, to establish a grading system that allows us to allocate bonuses, promotions, and other monetary rewards fairly through an individual approach to each employee.








Our Company provides generous packages of social benefits to all of our employees. All employees, including part- and full-time employees, receive medical insurance with family coverage, free meals during working days, and roundtrip shuttle buses. At the same time, our employees at the senior grade and up receive benefits such as a personal car and mobile phone, while our international staff receive free accommodation and roundtrip airfare once per year.

Figure 12. Social benefits by grades



We understand that the relevance of our benefits can be best estimated through direct feedback from our employees. To ensure that our employees are satisfied with the provided benefits and compensation, as well as with the overall culture and environment at our Company, we regularly conduct employee satisfaction surveys. Our employee satisfaction surveys consist of eight questions on the most important issues within the Company and the benefits offered to the employees. It also has the option to fill in comments, suggestions, and concerns.

Table 20. Employee satisfaction survey results

Question	Rate
 Payment and other services	88.98%
 Medical insurance	64.62%
 Transportation and shuttle service considering pandemic conditions	83.52%
 Food and catering service considering pandemic conditions	54.28%
 Information technology services	94.75%
 Pandemic and preventive actions	82.04%
 Overall average	76.60%




These surveys help us determine the most critical points of concern within the Company as well as ensure that our employees feel heard and acknowledged. Our senior management uses these feedback forms as an opportunity to improve and grow in a way that integrates employees' expectations into the Company's decision-making processes.

To ensure that our employee engagement takes a variety of forms, we regularly hold town hall meetings, in which employees can raise their concerns and offer suggestions directly to the HR team and senior management. Furthermore, our employees can contact their direct supervisors and managers, the HR team, the Ethics Committee, or file a report through the anonymous grievance mechanism at any given moment to express their concerns.

12.3 Diversity and inclusion

We constantly seek to cultivate a culture of equality and inclusivity within our Company. Our goal is to create an environment in which everyone feels welcome regardless of their gender, race, ethnicity, religion, age, or disability. We recognize that through inclusivity, we expose ourselves to a diversity of experiences and ideas, which helps us thrive as a team.

Table 21. Number of female employees, 2019-2021

	2019	2020	2021
Female employees	 28	 30	 28

We do not condone discrimination of any kind and strive to promote equality as a core value of our business conduct. Due to the nature of our operations, male workforce has traditionally dominated this industry, however we are proud to see an increase in female hires in our Company as well as across the industry as a whole. This year alone, 15% of all new hires at Norm were women. While this number is not reflective of a fully balanced workforce, we are working towards increasing gender balance within our Company.

To act on this goal, we continue to promote STEM education among women and girls in Azerbaijan. Our scholarship program for female engineers enables us to contribute to the enhancement of gender balance in the industry, preparing a potential highly qualified workforce of female engineers.

Our workforce represents people of various age groups. Our most represented age group is people between the ages of 30 to 50, which in 2021 made up 74% of total employees. As a socially responsible employer, we seek to diversify our workforce by attracting young talent below 30, which constituted 21% of total employees, as well as people over 50, who accounted for 5% of our workforce.

Figure 13. Total number of employees by age group, 2019-2021

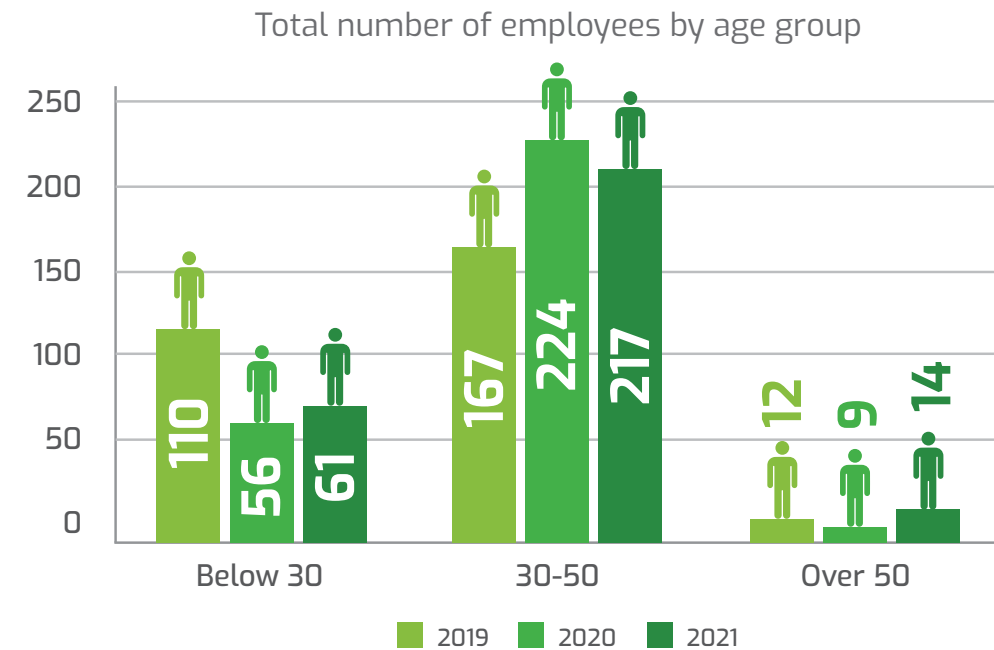


Table 22. Number of employees by vulnerable groups, 2019-2021

Number of employees by vulnerable groups	2019	2020	2021
Total number of employees, by vulnerable groups:	19	24	25
Disabled people	5	5	4
Internally displaced people	14	19	19

We seek to provide all people with equal opportunities to thrive and prosper in our Company. We provide necessary accommodations for the employees with special needs, ensuring accessibility of our facilities.

Sustainability is key to our survival on this planet and will also determine success on all levels.



HOW WE KEEP OUR PEOPLE SAFE

At Norm, safety comes first.



0 FATALITIES



0 RATE OF LTI FREQUENCY



**FULL COMPLIANCE WITH
HSE REGULATIONS**



3,240 HSE TRAINING HOURS



7 RISK CATEGORIES

13. Safety culture at Norm



Being in a heavy industry, we recognize that our production processes come with a number of risks, including the risk of fatality. For us, safety is the core principle of our business conduct and we continually put in effort to improve our operations and mitigate health and safety risks. To ensure that all of our employees and contractors are safe throughout the full cycle of our operations, we work fully in compliance with a number of internal policies, local laws and regulations, as well as international standards.

Table 23. Norm's HSE compliance frameworks

Regulations	Type
QHSE (Quality, Health, Safety, and Environment) policy	Internal policy
Labor Protection Act of the Republic of Azerbaijan	Local regulation
Occupational Health and Safety Management System standard: ISO 45001:2018	International standard
Labor Code of the Republic of Azerbaijan	Local regulation

We endeavor to assure that our premises are compliant with all of the regulatory frameworks through rigorous daily checks. Conveying information on safety matters involves multiple layers of communication within the Company.

Table 24. HSE communication channels

Board of Directors	All safety concerns are at the top of the agenda of quarterly BoD meetings.
Senior management	Senior management regularly communicates HSE-related guidelines and information to their direct subordinates which is subsequently cascaded through the entire workforce.
Safety Operations Card (SOC) system	SOC allows employees to report any incidents or dangerous situations, as well as any positive observations, and make relevant suggestions to the HSE team, which is then investigated and redirected to senior management for consideration. The most creative solution/suggestion is reviewed on a monthly basis to provide awards for the employee who developed it.
HSE trainings	Our HSE team regularly conducts training to inform employees on all crucial aspects of safety procedures within the Company. Refer to table 24 for a full list of HSE-related training sessions.

To ensure that our employees play their part in maintaining full compliance with HSE standards and regulations, we conduct a wide range of HSE training sessions for all employees.

Table 25. HSE Training sessions

Regulations	Description	Training sessions
General HSE training	These training sessions instruct employees on the general HSE processes and procedures within the Company, including the mandatory HSE induction at the commencement of employment.	1. Emergency and occupational health and safety education 2. HSE induction 3. HSE induction refreshment 4. Noise Operation 5. Drug abuse
Operational safety	Due to the specifics of our operations, we hold a number of training sessions to prepare our employees and contractors to the potential hazards, such as height risk and forklift operations.	6. Forklift operator 7. Working at heights 8. IOSH working safely 9. Risk group trainings (confined spaces, hot works, lock out tag out, etc)
Emergency situations	The goal of this training is to prepare employees for emergency situations by familiarizing them with the appropriate measures and actions to be taken.	10. Emergency Response team member 11. Access manual, fire safety, locking
Radiation	This course provides employees with information on safe work procedures with radiation.	12. Radiation safety in manufacturing
Environmental Protection	The aim of this training course is to ensure that employees are aware of appropriate measures and actions to be implemented in terms of environmental protection, particularly waste categorization and management processes and other potential negative impacts of our operations.	13. Waste management and environmental aspects and impacts
Driving safety	Our HSE team conducts a number of training sessions pertaining to car and driving safety for our employees.	14. Defensive driving 15. Driving instruction
COVID-19-related safety training	To ensure that our employees are familiar with safety rules regarding lockdowns and isolation, as well as other guidelines related to safety during COVID-19, we have held a number of training sessions throughout the reporting period.	16. COVID-19 induction 17. Lockdown and isolation
Safety control	During the reporting year, our employees received training sessions on the safety procedures in the Company.	18. Safety Operations Card

Through our active efforts to ensure safety of our employees and contractors, we continue to uphold our streak of zero fatalities for the 15th year in a row. Moreover, the year of 2021 saw a decrease in the number of Lost Time Injuries, which totaled zero as well. We also recorded zero days lost to injury or accidents in the reporting period.

Table 26. LTI and fatality indicators at Norm

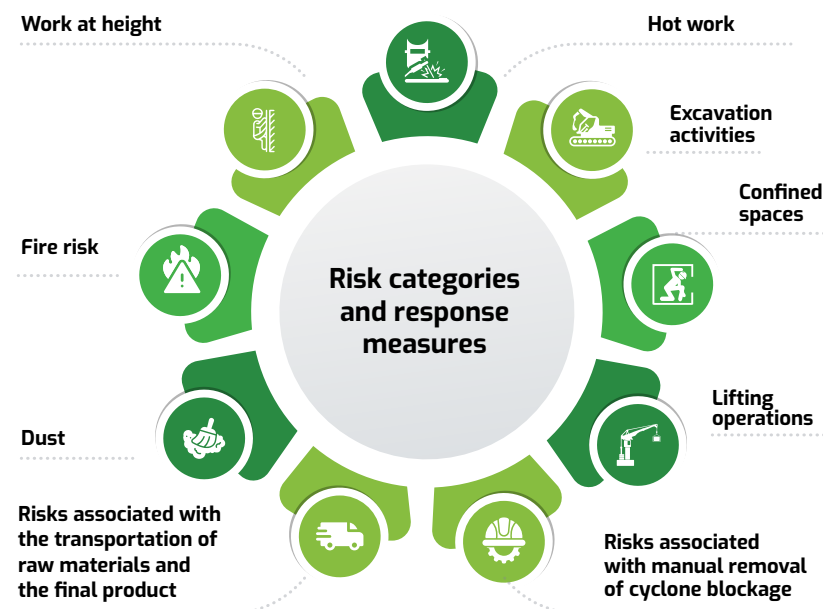
	2019	2020	2021
Fatality rate (Per 10,000 employees)	0	0	0
LTI frequency rate (Per 1,000,000 hours worked)	1.81	4.07	0
LTI severity rate (Per 1,000,000 hours worked)	10.86	138.24	0
Total injury frequency rate (Per 1,000 employees)	10.38	13.88	0



13.1 HSE risk management

As operations in this industry are susceptible to a number of risks, we seek to ensure that our risk management system timely identifies potential risks and emergencies and enact appropriate mitigation and adaptive responses. Our team has identified nine risk types by analyzing recurring events and circumstances.

Table 27. Risk categories and response measures



Our vision for the HSE function of our Company is to provide our employees, visitors, and contractors with a safe workplace. Our priority areas include management leadership, employee involvement, and management of contractors. Through rigorous and informative training and education programs, we seek to strengthen our hazard prevention and control by ensuring awareness among all of our internal stakeholders. Further to that, our priority areas also include hazard identification and risk assessment, as well as evaluation and improvement.

OUR FUTURE OUTLOOK ON HSE

- To improve contractor health and safety culture
- To improve employee health and safety awareness
- To issue health and safety motivational program
- To develop and maintain a contractor health and safety management system with regard to international standards such as ISO
- To ensure wellbeing of all stakeholders



HOW WE PROTECT THE ENVIRONMENT

At Norm, we care for the planet.



CIRCULAR ECONOMY



WASTE WATER RECYCLING



ISO 14001 CERTIFIED



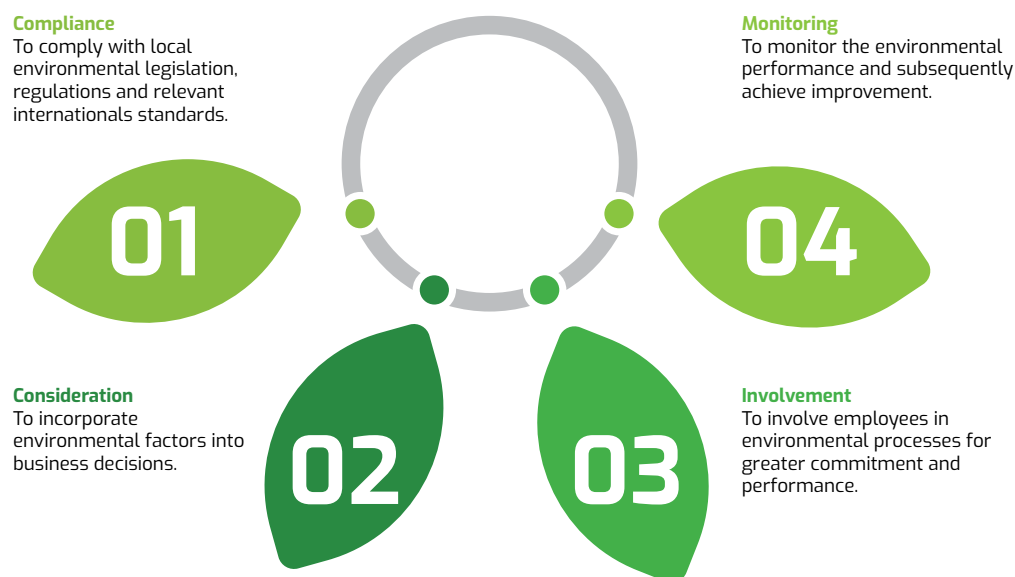
LAND RESTORATION EFFORTS

14. Environmental management



We strive to preserve the environment in which we operate, recognizing its importance for the local communities and ecosystems. We are fully aware that cement production is a carbon-intensive industry. For this reason, we constantly explore our options of minimizing adverse environmental effects of our operations, and be the catalysts of change on the regional market. To ensure that we integrate our corporate culture and values into our environmental management processes, we have established a set of guiding principles for our environmental efforts.

Figure 14. Norm's principles of environmental management



The cornerstone of our business is the belief that growth should be attained in a sustainable manner. For us, this means conducting our operations in a way that preserves the local environment by operating fully in line with local laws and regulations. Our operations fall under the statute of the **Law of the Republic of Azerbaijan**, as well as relevant decrees of the **Ministry of Ecology and Natural Resources**. Additionally, we are guided by industry best practices such as environmental guidelines of the **Global Cement and Concrete Association (GCCA)**. To further support our commitment to environmental compliance, we received the **ISO 14001 Environmental Management standard certification**.

14.1 Impact on the climate

Being a responsible producer, we recognize that climate change brings about a significant number of risks, as well as opportunities for all of our operations. As the economy recovers from long-lasting impacts of the COVID-19 pandemic, the world is facing an opportunity to transform the very nature of the way business is done. Protecting the environment and minimizing the impact on the climate through a decreased carbon intensity remains among our main priorities.

Climate change is not only a priority for us as a producer; climate change is increasingly a matter of crucial concern for all of our stakeholders, ultimately driving consumer choice globally. Therefore, we continue to take decisive steps in our efforts to contribute to the global initiative of combatting climate change. For this purpose over the last two years we have managed to reduce the clinker factor for cement classes B, C, L, and S as a result of our quality control measures.

Table 28. Clinker factor by cement classes

Clinker factor	2019	2020	2021
Average clinker factor, %	78.7	77.64	78.02

As energy intensity is one of main factors of GHG emissions in our operations, we strive to decrease our energy consumption through a number of measures. We continue the usage of natural gas in production, which is, although exhaustible, a relatively cleaner alternative to fossil fuel. Our long-term goal is to switch to alternative energy sources. With this goal, we are currently in the process of identifying the most feasible alternative solution to energy sourcing. As of this moment, our operations are fully in line with the **Environmental Protection Act, Environmental Protection Ordinance**.

As nearly 65% of CO₂ emissions of the cement production industry account for calcination of raw materials, while the remaining 35% are produced by fuel combustion, we recognize that to minimize our environmental impacts, we have to concentrate our efforts on energy consumption and waste management processes. Guided by the Sustainable Development Scenario of the International Energy Agency, we are currently developing a plan to curb CO₂ emissions per ton of cement produced.

Table 29. Total and specific direct CO₂ emissions

GHG emissions	2019	2020	2021
Total direct CO₂ emissions (mt/year)	881,202	1,068,237	1,131,652
Specific direct CO₂ emissions (kg per ton of cementitious production)	568.6	570.53	563.0

To meet the 2030 goal for reduced GHG emissions that we have set for ourselves, we continue to explore potential ways to replace fuels with alternative options and raw materials, as well as create alternative clinker technology.

14.2 Air pollution

We believe that breathing clean air should not be a privilege, but rather a human right. As people have the right to healthy environments, breathing clean air is one of its most crucial components, while air pollution hinders those affected from fully exercising their basic human rights. Committed to sustainability and upholding human rights, we strive to minimize our impact on the air to the best of our ability. Our quest to find solutions to the most pressing issues in the cement industry on par with our quality control and monitoring efforts make us the industry leaders on the regional market.

Continuing our efforts to improve our operations and impact on the local community and environment, we regularly work with a third-party audit provider, AZECOLAB, to carry out annual validation of our online emissions analyzer and run an independent chimney emission-monitoring program.

Table 30. Air pollutants from Norm's manufacturing process

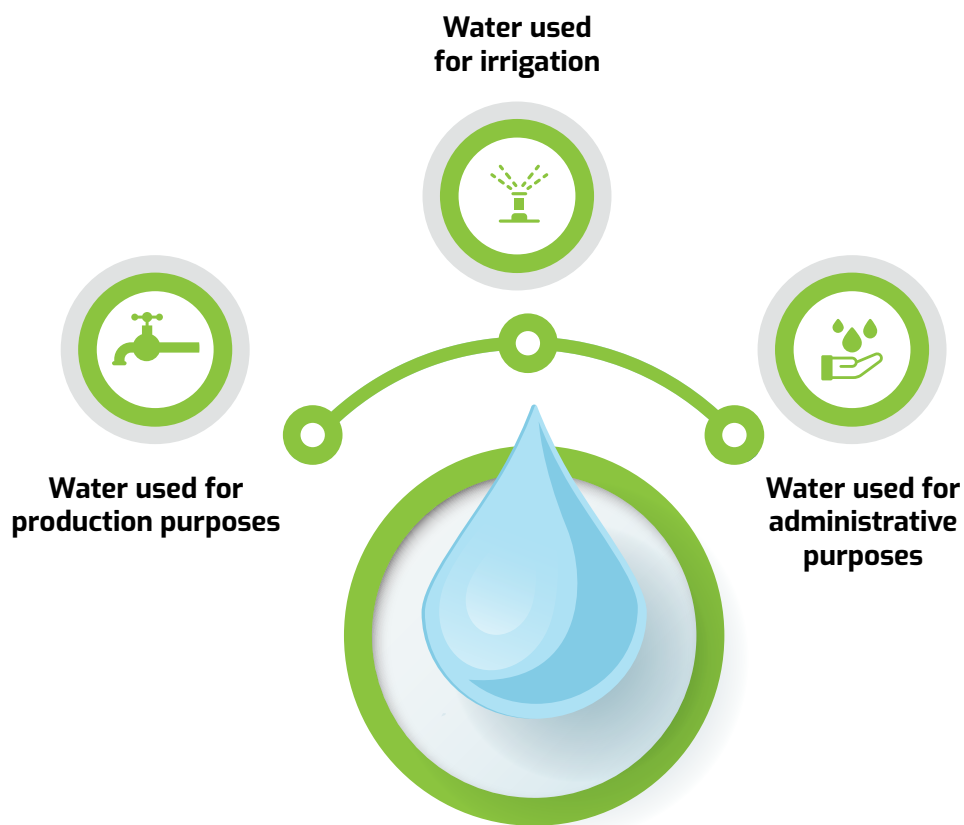
Air pollutants	2019	2020	2021
Dust			
Total dust emissions, t/year	208	223.05	264.8
Specific emissions, g/ton clinker	171	154.1	169.0
NO_x			
Total emissions, t/year	1,021	1,244.74	1,232.6
Specific emissions, g/ton clinker	837	854	786.5
VOC/THC²			
Total emissions, kg/year	217	229	266.7
Specific emissions, g/ton clinker	0.178	0.156	0.170

² Volatile Organic Compounds/Total Hydrocarbons were included in the scope of calculations since 2018.

14.3 Water consumption

In spite of cement production not being a water-intensive industry, we strive to minimize our freshwater consumption to the greatest extent possible, and replace it with a more efficient dry process. Currently, we are operating in line with the laws and regulations of the Republic of Azerbaijan pertaining to water consumption.

Water consumption at Norm can be categorized by the following three types:



We continue to implement a variety of measures to cut our water consumption. These measures include installation of water meters, which has enabled us to accurately track and monitor our water usage metrics and subsequently identify potential areas for improvement. We have also constructed a biological water treatment facility for wastewater. We are currently working on improving the quality of recycled water to reuse it in our daily activities for administrative and irrigation purposes.

Table 31. Specific water consumption

Water management	2019	2020	2021
Water withdrawal, m3/per year	74,680,000	78,959,000	139,321,000
Specific water consumption, liter per ton of cementitious production	36.6	34.2	93.6

14.4 Land and biodiversity

As a large cement producer, we are fully aware that our operations may have an adverse direct or indirect impact on the local ecosystems. It is therefore particularly important for us to ensure that we take all possible preventative and adaptive measures to draw down our impact on the local ecosystems. In 2021, we continued to implement a variety of resolute actions to ensure that our operations do not disturb the habitat of local species.

Figure 15. Norm's procedures on land restoration and biodiversity preservation



ABOUT WASTE

14.5 Waste management

In our quest towards sustainability, we constantly seek out ways to reduce our consumption and subsequent waste generation. Our approach to waste management is exhaustive, minimizing consumption to the greatest extent possible, and safely utilizing or recycling the generated waste.

Our waste management is regulated by the internal waste management procedures, which comprises management of both solid and liquid waste (except for wastewater). Our waste is categorized as hazardous and non-hazardous according to internal policies and

local regulations.

To safely transport, recycle, process, and dispose of all categories of waste, we continue to cooperate with a third-party service provider. We also monitor and regularly report on our waste generation to the Ministry of Ecology and Natural Resources.

Our non-hazardous waste is stored in a designated facility on our company territory, and is then either sold or recycled for the purpose of reusing raw materials. Through our efforts to reduce non-hazardous waste, we continued the downward progression of waste generation during the reporting year. Half of the generated non-hazardous waste was recycled, while the other half was safely disposed of.

As we continue our efforts to curb waste generation, we recognize that excessive consumption is a reflection of unhealthy corporate culture. Therefore, we conduct training sessions for our employees and contractors on responsible consumption, as well as proper waste separation and storage. To act further on this commitment, we have set recycling bins and waste containers throughout our company premises to support the culture of environmental responsibility among our employees and ensure their engagement with our environmental priorities.

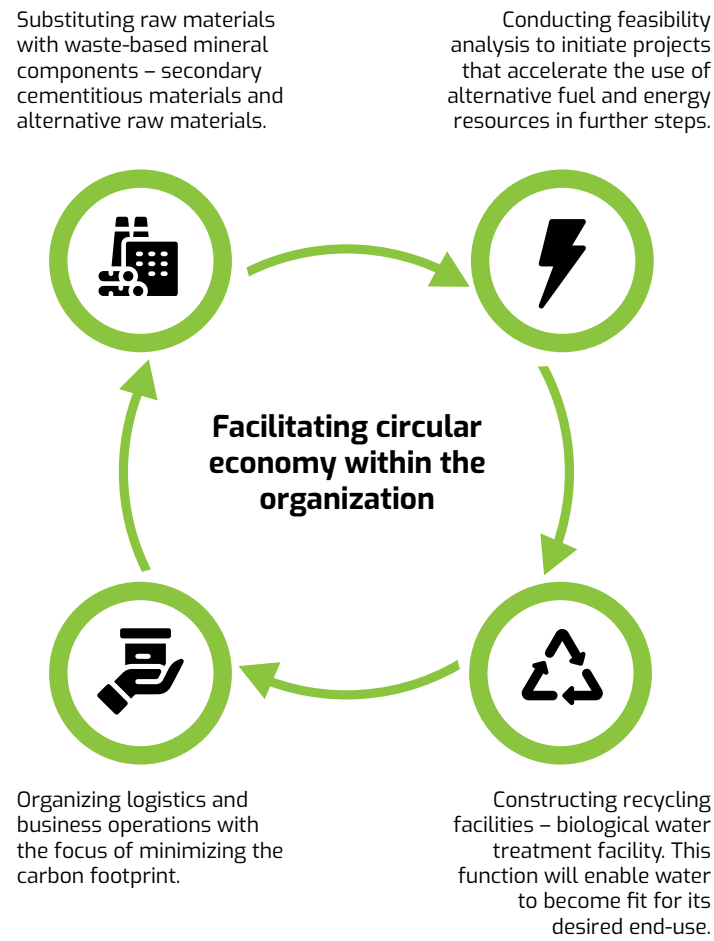
Table 32. Total number of waste materials, tons

Waste Indicators	2019	2020	2021
Waste Materials (Tons) including:	1,175.38	831.9	914.86
Non-Hazardous Waste Generated	1154.59	829.02	891.77
Non-Hazardous Waste Recycled	663.77	177.38	503.03
Non-Hazardous Waste Disposed to Landfill	490.82	644.58	388.74
Hazardous Waste Generated	20.79	2.88	23.09
Hazardous Waste Recycled	19.66	2.88	23.05
Hazardous Waste Disposed to Landfills	1.132	-	0.04

14.6 Materials use and circular economy

Businesses around the world are gradually embracing the concept of circularity, and we are no exception. Believing that circular economy may hold the key to a successful strategy towards sustainable growth, we seek ways to integrate it into the way we operate. As a solution to the issues of primary material use, circular economy offers us the chance to recycle and reuse materials, use waste as an energy source, thus creating a material and energy loop. This model of activity presents an opportunity to curb emissions and improve air quality among other benefits.

Figure 16. Facilitating circular economy within the organization



To encourage our employees and contractors to partake in our endeavor to reduce waste, we have placed educational posters and recycling bins throughout all of our premises. Through this, we aim to curtail our waste generation in the production field and in our day-to-day activities in the office alike.

Table 33. Types of raw materials used

	2019	2020	2021
Total raw material consumption (tons)	2,319,448	2,674,218	2,830,279
Raw materials obtained from secondary materials (tons), including:	1,916,562	2,116,389	2,235,751
Alternative raw materials (tons)	11,959	9,349	3,418
Raw materials obtained from secondary materials (%), including:	83%	79%	79%
Alternative raw materials (%)	0.6%	0.4%	0.2%



The greatest threat to our planet is the belief that someone else will save it.



RESPONSIBLE PRODUCTION

At Norm, quality in everything we do is a priority.



6 CUSTOMER COMMUNICATION CHANNELS



100% COMPLAINT RESOLUTION



88% CUSTOMER SATISFACTION RATE

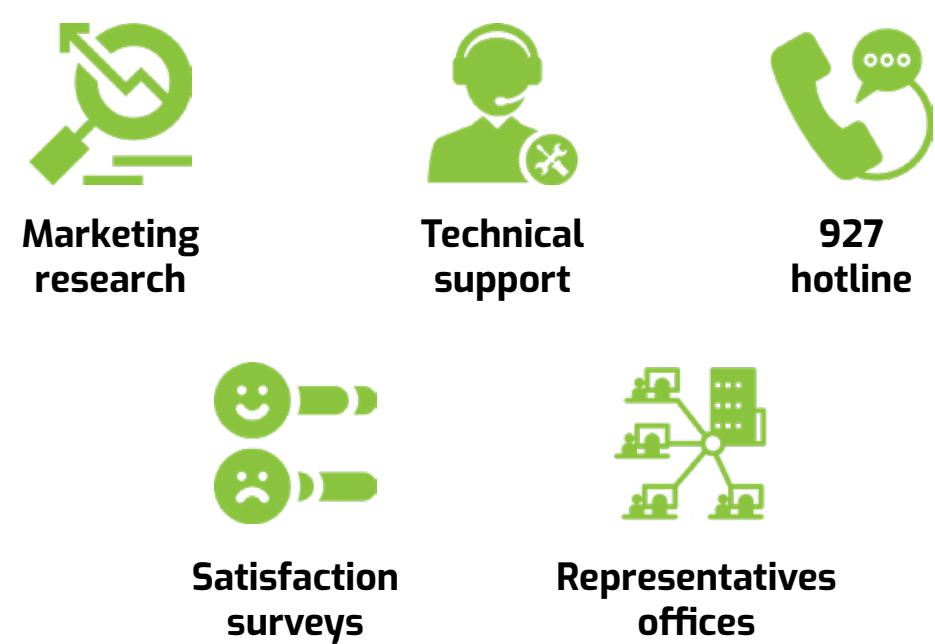


5 R&D PRIORITIES

15. Customer focus

We view our customers as the foundational pillar of our business and growth, and as we consider high customer satisfaction level to be a direct reflection of our success, we actively seek to understand their needs and concerns to address them in a timely and holistic manner. With that purpose, we have established and continuously maintain a number of communication channels to ensure a seamless stream of an open dialogue with our clients.

Table 34. Norm's customer communication channels



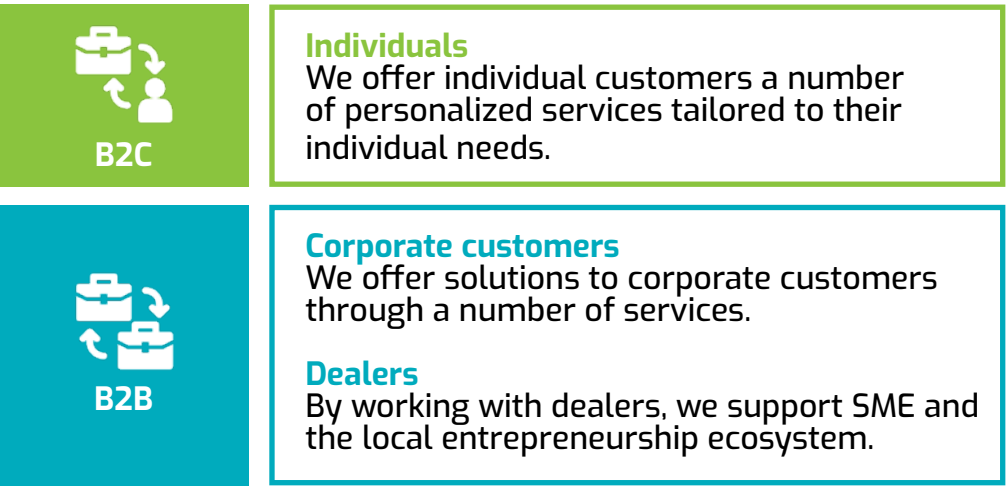
To ensure that our product development is in line with the global trends, we regularly perform marketing research. This helps us identify the right target audience and marketing techniques to target our campaigns properly and communicate the information on our products.

To ensure that our customers have a platform to direct their inquiries and concerns, we have established technical support platforms, a 927

hotline and representative offices, all of which enable our customers to communicate directly with us, track orders through GPS navigation system, and view order and debt history.

To ensure that our customers receive the highest quality of support and services, we have categorized our clientele by B2C and B2B customers.

Figure 17. Types of customers at Norm



Customer satisfaction is the bedrock and the driving force behind our success, and we exert ourselves to maintain the highest possible levels of customer satisfaction. With this purpose, we hold regular customer satisfaction surveys to receive direct feedback from our clients on our performance and quality of products. In cases of dissatisfaction, we work tirelessly to ensure that all complaints and concerns are resolved in a timely manner.

The results of the customer satisfaction survey held in July 2021 reflected our deliberate and meticulous efforts to keep our clients happy and satisfied. Our continuous aspiration to improve and do better has enabled us to achieve high results at every category assessed through the survey.

Table 35. Customer satisfaction survey results

Question		
Customer relations satisfaction		
Are you satisfied with the ease of contacting the representative?	99.1%	0.9%
Are you satisfied with the attitude of the representative?	100%	0%
Are you satisfied with the skills and professionalism of the representative?	100%	0%
Are you satisfied with the speed of response to your complaints?	91.7%	8.3%
Are you satisfied with the frequency of visits of the delegates?	95.7%	4.3%
Product quality satisfaction		
Are you satisfied with the price of the products?	66.4%	33.6%
Are you satisfied with the quality of the products?	94.0%	6.0%
Are you satisfied with the packaging of the product?	94.7%	5.3%
Are you satisfied with the accuracy of the pile weight?	100%	0%



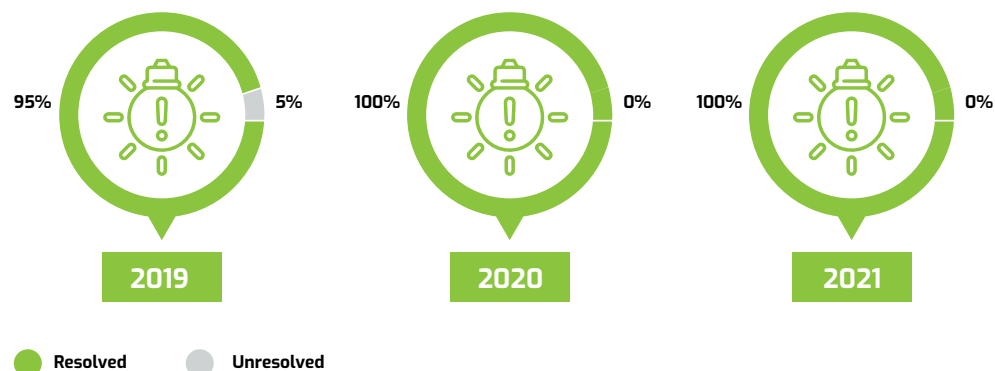
Question		
Technical support satisfaction		
Have you used the Technical Support Service for the selection and proper application of the optimal ratio of cement and concrete?	27.6%	72.4%
Are you satisfied with the recommended optimal ratio of concrete and cement?	93.7%	6.3%
Are you satisfied with the recommendations on accounting for the climate in concreting?	93.7%	6.3%
Are you satisfied with the organization of technical trainings, exercises, seminars and presentations?	81.3%	18.8%
Are you happy to have advisory brochures on the use and application of cement and concrete?	56.3%	43.8%
Are you satisfied with the time and effectiveness of technical support?	100%	0%
Transportation and delivery services satisfaction		
Are you satisfied with the professionalism of the dispatcher?	98.1%	1.9%
Are you satisfied with the dispatcher's timely response to complaints and calls?	90.0%	10.0%
Are you satisfied with the timely delivery of the product?	96.5%	3.5%
Are you satisfied with the professionalism of the driver?	94.7%	5.3%

Figure 18. Customer complaint resolution



Staying on top of global trends, we offer our customers digital solutions for their needs. We offer access to an online platform with the feature for product selection, calculation of cement quantity based on territory footage, as well as the option to search for the highest rated labor workers.

15.1 Brand awareness

Seeking to create sustainable growth, we constantly look to expand our clientele through accurate and honest brand awareness campaigns. To ensure that our campaigns are properly targeted and reach the results that we aim for, we hold regular brand awareness surveys. These surveys help us assess the overall awareness of Norm and our products among the target population and help us understand how we stand out on the market.

Figure 19. Brand awareness survey respondents



The brand awareness survey in 2021 showed that Norm enjoys a well-favored view by the target population. The general brand awareness of Norm among the Azerbaijani population is higher than that of the competitors, with Norm scoring 88.8% in brand recognition, while the average indicator for the other competitors was 44.48%.

To reach our target audience, we utilize a variety of communication channels, including TV, billboards, social media, transportation ads, radio, metro ads, and cement sales centers.

To assess the effectiveness of our communication channels, we asked the survey respondents which of the advertisement methods they found the most effective.

Figure 24. Brand awareness rate, 2021

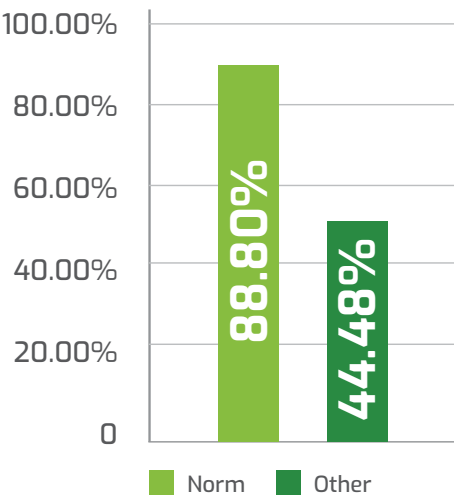
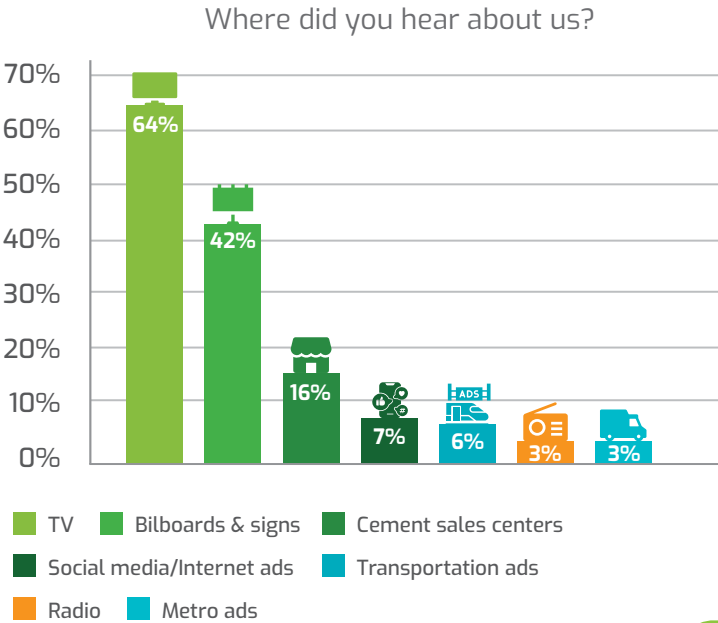


Figure 20. Survey response to the question "Where did you hear about us?"



16. Research & development

Our improvement in environmental performance, continuous advances in product development, and unique solutions to industry-specific issues would not be possible without the fastidious and thorough efforts of our research and development (R&D) team. Our R&D activities enable us to develop environmentally-friendly products, optimize our processes, maximize our positive effect on the community, and minimize our negative impact on the environment. Aligned with this vision, we established our newest laboratory in 2020 with the aim of Oil Well Cement development. Our R&D team continues to explore and discover new possibilities for us to better conduct our business and create products that meet the needs of our customers, expectations of our shareholders, concerns of our stakeholders, all without harming the local ecosystems or damaging the environment.

Figure 21. Norm's R&D priorities



**Green product
development**



**Circular
economy**



**Energy
consumption**



GHG emissions



**Process
optimization**

17. Quality assurance



Our Quality Assurance/Quality Control (QA/QC) department provides incessant work ensuring that our products meet the highest quality standards. We seek to develop both bagged and bulk products and services in line with international standards and internal and local regulations.

Table 36. Norm's certifications

Certification	Year
DNV GL for compliance with ISO 9001: 2015 standards	2021
ISO 14001 Environmental Management standard	2020
API SPEC Q1	2019

Our labeling and packaging are designed in accordance with **EN 197**, **API SPEC Q1**, **API SPEC 10A**, and **ISO 9001** standards. We also cooperate with suppliers who are compliant with all required standards and certifications.

Moreover, in 2019, our product quality was tested for compliance with the **EN 197-1** standard, and confirmed by Bureau Veritas based on selected samples from our laboratories. Moreover, as we are committed to ensuring the highest quality of our products, we receive quality assurance certification before developing any products.

Table 37. Quality certification by type of cement

Cement type	Certification
Class A	Certificate of Conformity granted to KLAAS A400 cement product by State Committee for Standardization, Metrology and Patent of the Republic of Azerbaijan Certificate of Conformity granted by VDZ Research Institute for KLAAS A400 Norm cemen Monthly Quality Certificate for KLAAS A400 cement product
Class B	Certificate of Conformity granted by VDZ Research Institute for KLAAS B Norm cement Monthly Quality Certificate for KLAAS B cement product Certificate of Conformity granted to KLAAS B cement product by State Committee for Standardization, Metrology and Patent of the Republic of Azerbaijan
Class C	Certificate of Conformity granted to KLAAS C500 cement product by State Committee for Standardization, Metrology and Patent of the Republic of Azerbaijan Certificate of Conformity granted by VDZ Research Institute for KLAAS C500 Norm cement Monthly Quality Certificate for KLAAS C500 cement product
Class D	Monthly Quality Certificate for KLAAS D cement product
Class S	Certificate of Conformity granted to KLAAS S cement product by State Committee for Standardization, Metrology and Patent of the Republic of Azerbaijan Certificate of Conformity granted to KLAAS S (SDP5 500 020) cement product by State Committee for Standardization, Metrology and Patent of the Republic of Azerbaijan Certificate of Conformity granted by VDZ Research Institute for KLAAS S Norm cement Monthly Quality Certificate for KLAAS S (SRC) cement product
Class 1	Certificate of Conformity granted to KLAAS 1 cement product by State Committee for Standardization, Metrology and Patent of the Republic of Azerbaijan Certificate of Conformity granted by VDZ Research Institute for KLAAS 1 Norm cement Monthly Quality Certificate for KLAAS 1 cement product
Class L	Certificate of Conformity granted by VDZ Research Institute for KLAAS L500 Norm cement Monthly Quality Certificate for KLAAS L500 cement product Certificate of Conformity granted to KLAAS L500 (CEM II/A-L 42.5R) cement product by State Committee for Standardization, Metrology and Patent of the Republic of Azerbaijan
Class D	Monthly Quality Certificate for KLAAS D cement product
Class G, HSR type, OWC	API-10A certificate for KLAAS G oil-well cement (API Well Cement Class G at Grade (s) HSR) granted by American Petroleum Institute



RESPONSIBLE SUPPLY CHAIN

At Norm, we seek to ensure
fair competition.



386 LOCAL SUPPLIERS



**85% OF TOTAL BUDGET
SPENT ON LOCAL SUPPLIERS**



**75% OF ALL SUPPLIERS
ARE LOCAL ENTITIES**



**OVER 98 MLN AZN
CONTRIBUTED TO THE LOCAL
ECONOMY**



**RIGOROUS SUPPLIER
ASSESSMENT**

18. Sustainable procurement



We recognize that procurement is a vital part of our production lifecycle, which makes it a strategic function susceptible to many risks. Due to the crucial role that procurement function holds in our business operations, we take the task of making our procurement processes more sustainable with the highest regard. Our supply chain is subject to rigorous checks and reviews on a regular basis as we explore our options to enhance our procurement processes and incorporate the latest innovation and sustainable solutions.

In our pursuit of sustainable growth, we constantly make efforts to revisit the current state of our operations and identify gaps and potential risks. In 2021, we made a large-scale structural change in our procurement department by merging two separate functions into one. We have found that this renewed structure gives us a more holistic and overarching approach to procurement functionality.






We understand that a company operating in the current climate has to walk hand-in-hand with the latest trends, one of them being digitalization. We are dedicated to automating our procurement processes to ease and accelerate our day-to-day work. Processes like management approval, PO approval, contract management, and many others are now conducted digitally, which optimizes our effectiveness and efficiency. We are also in the process of digitalizing supplier relations processes in the upcoming years.

18.1 Supplier management

To ensure the long-term success of our operations, we seek to establish relations with reliable business partners as our suppliers. For this reason, we implement supplier management tools and assessment mechanisms to ensure that our procurement processes are transparent and uphold our policy on no tolerance towards bribery.

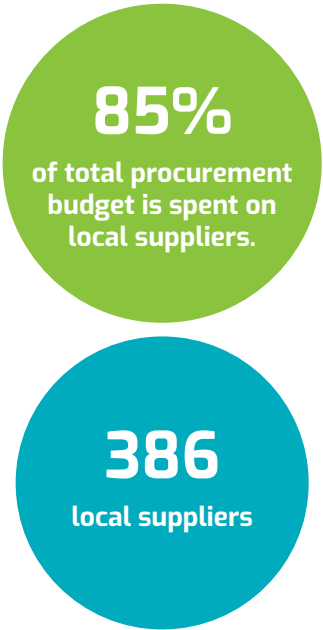
Our supplier selection processes are categorized by three main types, which include management request, alternative vendor search, or direct vendor application. All suppliers are required to fill out the pre-qualification form to be considered. This procedure simplifies our process of supplier assessment against a number of criteria that we developed to evaluate the performance of the potential vendors and suppliers, including their ESG processes.

Figure 22. Norm's supply chain assessment criteria.

General information	Financial performance	Quality assessment	Health & safety	Environmental management
				
<p>Overall information about the Company including such info as</p> <ul style="list-style-type: none"> • address • website • proof of official registration 	<ul style="list-style-type: none"> • Sales turnover • Profitability • Liquidity assessment 	<ul style="list-style-type: none"> • Compliance with quality standards • Customer grievance system • Product quality assessment 	<ul style="list-style-type: none"> • Health and Safety management system • Employee trainings for safety and emergency technics • Risk assessment strategies for operations 	<ul style="list-style-type: none"> • Environment protection management and qualification • Waste, emission, pollution, and energy management systems

As selection is only the first stage of our supplier management system, we continue this process by closely monitoring our suppliers throughout the whole period of their work with us to ensure a seamless implementation of contract provisions. Each supplier is given a specific KPI, which is monitored throughout the year. Moreover,

we hold regular meetings with vendors and suppliers where we discuss current issues, quality-related matters, and other areas for improvement. We further seek to better our supplier management by unannounced vendor site visits whereby we check HSE quality and any arising issues. These processes help us monitor our suppliers and leave room for issue identifications and improvements.



As we operate mainly in Azerbaijan, we seek out opportunities to maximize our positive impact on the local community and economy. We prioritize working with local suppliers to make a contribution in the attempts to improve the local business ecosystem and support sustainable business development in the region. As a result of these efforts, our procurement budget spent on local suppliers has more than doubled during the reporting year, amounting to over 99 million AZN, which is the highest amount we've seen. The share of the total procurement budget spent on local suppliers reached an all-time peak of a striking 85%, reflecting our prioritization of local supply chain practices.

19. Methodology and assumptions

This Report is our fourth consecutive Sustainability Report. In the writing of our Sustainability Report, we have ensured that all our operations are covered by the scope. To ascertain that the Report accurately reflects information on our ESG performance, we have conducted a thorough data collection process, including interviews with relevant stakeholders, questionnaires, review of internal reports, processes, and policies, as well as information assured by third-parties.

Table 38. Methods of data collection and reporting methodologies

Environment	Energy consumption	Standard	<ul style="list-style-type: none"> • GRI 302 Energy Standard • GCCA Guidelines
		Scope	All energy-intense operations throughout all sites
		Methodology	Internal reporting on energy consumption
		Data sourcing	<ul style="list-style-type: none"> • Internal reporting system; • Information provided by the measurements conducted by an independent environmental study and lab analytical services provider
	Water consumption	Standard	<ul style="list-style-type: none"> • GRI 303 Water Disclosure Standard • GCCA Sustainability Guidelines
		Scope	Three categories of water consumption: <ol style="list-style-type: none"> 1. Production 2. Irrigation 3. Administrative
		Methodology	Water monitoring based on internal reporting
		Data sourcing	Internal monitoring and reporting system

Environment	Emissions	Standard	<ul style="list-style-type: none"> • GRI 305.1-305.5 Emissions Disclosure Standards • GCCA Sustainability Guidelines • WRI/WBCSD Protocol
		Scope	<ul style="list-style-type: none"> • Specific and total VOC/THC and heavy metals (Hg, Cd, Tl, and Sb, As, Pb, Cr, Co, Cu, Mn, Ni and V) emissions originating from the kiln unit • Emissions from vehicles (due to petrol and diesel use)
		Methodology	Material balance method
		Data sourcing	<ul style="list-style-type: none"> • Emissions measurement by third-party • Command Control Room (CCR) using CTIEC system • Daily and laboratory reports on the composition of raw materials
	Material use and waste	Standard	<ul style="list-style-type: none"> • GRI 301 Materials • GRI 306 Effluents and Waste Disclosure Standards
		Scope	<ul style="list-style-type: none"> • All solid and liquid waste, except for wastewater • Hazardous and non-hazardous waste
		Methodology	Waste data assessment based on internal reporting and monitoring system Conversion methodology: To convert the volume of household waste from cubic meters to tons, we use the average conversion coefficient 450.5 kg/m ³ based on the types of household waste generated
		Data sourcing	Internal reporting and monitoring system
	Biodiversity and land use	Standard	GRI 304 Biodiversity Disclosure Standard
		Scope	Impact of operations on biodiversity and quarries
		Methodology	Data assessment based on internal reporting and monitoring system
		Data sourcing	Internal reporting and monitoring system

Social	Health and safety	Standard	<ul style="list-style-type: none"> • GCCA Sustainability Guidelines • GRI 403 Occupational Health and Safety (OHS) standard
		Scope	<ul style="list-style-type: none"> • On-site and off-site incidents • All employees, regardless of their contract type
		Methodology	Site-level data collection, company-level consolidation
		Data sourcing	<ul style="list-style-type: none"> • Internal reporting system built on incident investigations reports • Safety Observation Cards • Internal management meetings
	Community engagement	Standard	400 series of the GRI Standards
		Scope	All operations and business units
		Methodology	Data assessment
		Data sourcing	<ul style="list-style-type: none"> • Internal reporting and monitoring system • Employee engagement surveys with the help of third-party • Customer complaints software • Reports from Business Insight
Economic	Financial performance	Standard	International Financial Reporting Standards (IFRS) The International Accounting Standards Board (IASB) Conceptual Framework
		Scope	Refer to financial statements
		Methodology	Refer to financial statements
		Data sourcing	Refer to financial statements

Conclusions

In writing this sustainability report, we aim to communicate our progress on ESG performance to all of our stakeholder groups. We believe it is an important tool in holding ourselves accountable for our targets and goals, reflecting on our initiatives, and identifying our areas for improvement. We strive to enhance our environmental performance by minimizing our potential negative impact through a number of small- and large-scale initiatives. At the same time, we aim to contribute to the society through a number of projects and initiatives that boost community development.

We view our sustainability reporting practice as a complement to our efforts in ensuring transparency of our operations. While we recognize that we have a long way to go before we can consider ourselves a truly sustainable company, we continue to work tirelessly every day to integrate sustainability into all of our decision-making and ensure that every choice we make reflects our ambition to be change-makers.

20. Performance tables

20.1 Company profile

Clinker and Cement Production (Tons)	2019	2020	2021
Clinker production	1,219,360	1,469,832	1,567,303
Cement production, including:	1,367,734	1,420,540	1,487,999
Class A	519,996	587,134	612,003
Class B	311,475	362,946	329,752
Class C500	492,472	430,883	459,104
Class S	25,657	24,199	41,549
Class 1	18,134	10,291	1,522
Class L	-	5,087	14,763
Class D	-	-	27,823
Class G	-	-	1,485

20.2 Financial performance

Economic performance, AZN 000s	2019	2020	2021
Direct economic value generated	149,210	156,327	170,864
Revenues	149,210	156,327	170,864
Economic value distributed	119,123	129,713	142,467
Operating expenses	93,371	98,729	105,092
Social expenses	299	2,327	5,574
Salary, bonuses and other payments to employees	10,851	15,202	18,058
State budget related expenses, including:	14,602	13,455	13,744
Property tax	1,095	815	1,257
Withholding tax	600	222	128
Land tax	198	245	238
22% SSPF charges	1,510	1,748	1,921
Income tax	8,879	8,162	8,147
Customs duty	2,321	2,263	2,052
Economic value retained	30,087	26,614	28,397
Total asset	288,696	269,131	299,056
Total capitalization	288,696	269,131	299,056
Total equity	210,113	220,227	246,924
Total liability	78,583	48,904	52,132

20.3 Our people

Total number of employees, by gender	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Total number of employees by employment contract	261	28	263	30	264	28
Part-time employees	3	0	4	0	4	0
Full-time employees	258	28	259	30	260	28
Total number of employees by employment type	261	28	263	30	264	28
Permanent employees	227	22	229	24	219	21
Temporary employees	34	6	34	6	45	7
Total number of employees by employment position	261	28	263	30	264	28
Execution position	18	1	24	1	22	1
Specialist position	44	21	54	19	54	17
Technician position	32	4	25	5	27	4
Other position	167	2	160	5	161	6

Turnover indicators, by gender	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Number of employees dismissed	10	4	3	0	15	5
Number of employees who left voluntarily	7	4	13	3	15	4
Number of new hires	12	5	19	4	16	3
Employee turnover rate	0.07	0.27	0.06	0.07	0.05	0.01

Senior management hired from local communities	2019	2020	2021
Senior management hired, from local community ³	0	1	0
Senior management hired, total	0	1	0
Ratio of senior management hired from local communities	-	100%	-

Employee indicators, by age	2019			2020			2021		
	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50
Total number of employees	110	167	12	56	224	9	61	217	14
Execution position	0	15	4	0	22	3	0	18	5
Specialist position	25	40	1	12	56	2	13	55	3
Technician position	7	26	3	5	24	1	8	22	1
Other position	78	85	5	39	122	3	40	122	5
Percentage of employees	38%	58%	4%	19%	78%	3%	21%	74%	5%
Number of hires	9	7	1	10	13	0	9	9	1
Number of dismissals	5	7	2	2	16	1	2	18	0

³ Local community - Azerbaijan

Number of employees by vulnerable groups	2019	2020	2021
Total number of employees, by vulnerable groups	19	24	25
Disabled people	5	5	4
Internally displaced people	14	19	19

20.4 Health and safety

Health and safety	2019	2020	2021
Fatality rate (Per 10,000 employees)	0	0	0
Total number of fatalities, direct employees	0	0	0
Total number of recordable injuries, direct employees	3	4	3
Total number of other injuries	2	2	3
Total Lost Time Injuries (LTI), direct employees	1	2	0
LTI frequency rate (Per 1,000,000 hours worked)	1.81	4.066	0
Total man hours during the reporting period	552,359	491,906	491,627
Occupational disease rate (Per 1,000,000 hours worked)	0	0	0
Number of days lost due to occupational diseases	0	0	0
LTI severity rate (Per 1,000,000 hours worked)	10.86	138.24	0
Number of days lost due to injury/accident	6	68	0
LTI frequency rate (Per 1,000 employees)	3.46	4.07	0
Total injury frequency rate (Per 1,000 employees)	10.38	13.88	0

20.5 Environment

Clinker Factor	2019	2020	2021
Average clinker factor	78.69%	77.64%	78.02%

CO ₂ and Energy indicators	2019	2020	2021
Total Amount of Direct CO ₂ Emissions (metric tons/year)	881,842	1,068,862.23	1,131,652.37
Specific Direct CO ₂ Emissions (KG/Ton Cementitious Production)	569	570.53	563.0
Energy consumption total (GJ)	4,460,994	5,439,968.57	5,659,312
Thermal energy consumption (GJ)	3,981,790	4,899,293.1	5,073,595
Thermal energy consumption fossil fuels (natural gas) (GJ)	3,981,790	4,899,293.1	5,073,595
Electrical energy consumption (GJ)	479,204	540,675.43	585,717
Electrical energy consumption non-renewable (GJ)	479,204	540,675.43	585,717
Thermal energy intensity of production ⁴ (GJ per ton clinker)	3.27	3.33	3.24
Total natural gas consumption (m ³)	113,103,464	139,175,359.10	144,564,665

Emission indicators	2019	2020	2021
Dust			
Total Emission (Ton/Year)	208.4	223.5	264.8
Specific Emission (G/Ton Clinker)	170.9	154.1	169.0
NO_x			
Total Emission (Ton/Year)	1,020.5	1,244.74	1,232.63
Specific Emission (G/Ton Clinker)	836.9	853.5	786.5
VOC/THC (mg/Nm³)			
Total Emission (KG/Year)	217.1	229.0	266.7
Specific Emission (G/Ton Clinker)	0.178	0.156	0.170
Hg (ug/Nm³)			
Total Emission (KG/Year)	0.172	0.127	0.130
Specific Emission (MG/Ton Clinker)	0.141	0.087	0.083
HM1* (ug/Nm³)			
Total Emission (KG/Year)	0.108	0.185	0.190
Specific Emission (MG/Ton Clinker)	0.089	0.126	0.121
HM2** (ug/Nm³)			
Total Emission (KG/Year)	3.0078	2.7634	2.724
Specific Emission (MG/Ton Clinker)	10.367	11.717	11.830
Specific Emission (MG/Ton Clinker)	8.502	7.972	7.522
SOX (Ton/Year)			
	0.759	0.842	0.930

* HM1: Sum of Cd and Ti

** HM2: Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V

⁴ Specific energy consumption

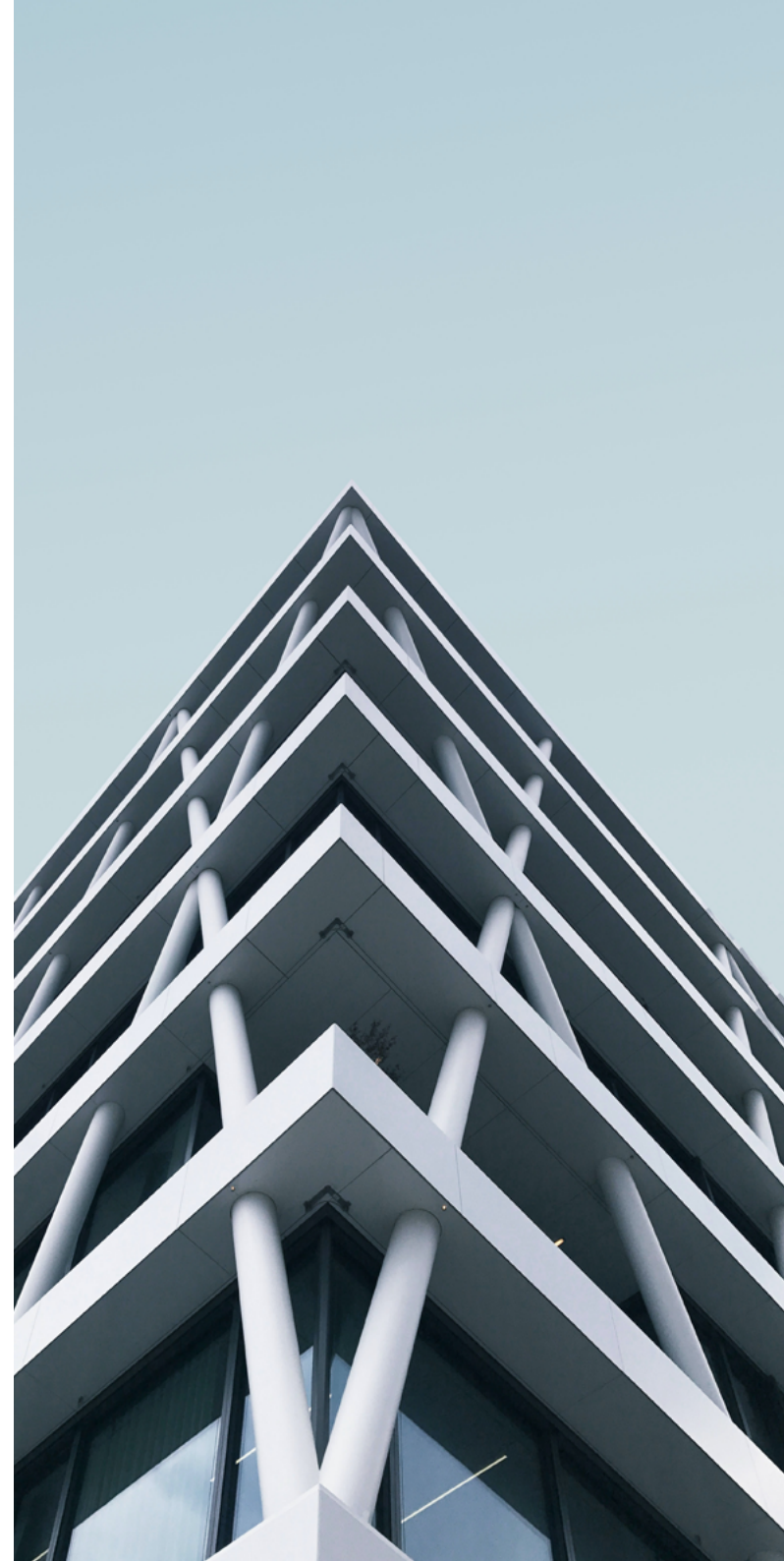
Waste Indicators	2019	2020	2021
Waste Materials (Tons) including:	1,175.38	831.9	914.86
Non-Hazardous Waste Generated	1154.59	829.02	891.77
Non-Hazardous Waste Recycled	663.77	177.38	503.03
Non-Hazardous Waste Disposed to Landfill	490.82	644.58	388.74
Hazardous Waste Generated	20.79	2.88	23.09
Hazardous Waste Recycled	19.66	2.88	23.05
Hazardous Waste Disposed to Landfills	1.132	-	0.04

20.6 Responsible production

Materials	2019	2020	2021
Total raw material consumption (tons)	2,319,448	2,674,218	2,830,279
Raw materials obtained from secondary materials (tons), including:	1,916,562	2,116,389	2,235,751
Alternative raw materials (tons)	11,959	9,349	3,418
Raw materials obtained from secondary materials (%), including:	83%	79%	79%
Alternative raw materials (%)	0.6%	0.4%	0.2%

20.7 Supply chain

Materials	2019	2020	2021
Total number of suppliers	578	518	550
Number of suppliers of goods	234	205	199
Number of suppliers of services	353	313	351
Number of local suppliers	418	377	386
Share of local suppliers (%)	72%	73%	70%
Total procurement budget, AZN 000s	78,689	105,019	116,763
Procurement budget that is spent on local suppliers/contractors, AZN 000s	53,513	84,571	98,908
Share of the procurement budget that is spent on local suppliers/contractors (%)	68%	81%	85%
Total number of suppliers assessed for the quality of production and performance	93	110	110



21. GCCA - Performance tables

Area of assessment	KPI	Covered	Amount	Unit	Explanation (in case not covered)
CO2 and energy	Total direct CO2 emissions-gross	Yes	1131652.37	metric tons/year	
	Total direct CO2 emissions-net	No	N/A	N/A	
	Specific CO2 emissions-gross	Yes	562.97	kg per cementitious production	
	Specific CO2 emissions-net	No	N/A	N/A	
Emissions from cement manufacturing	PM	No	N/A	N/A	
	NOx	Yes	1231.95	tones/year	
	SO2	Yes	0.01	mg/Nm3	
	VOC/THC	Yes	0.06	mg/Nm3	
	PCDD/F	Yes	0.0098	ngTEQ/Nm3	
	Hg	Yes	0.03	ug/Nm3	
	HM1	Yes	0.04	ug/Nm3	
	HM2	Yes	2.72	ug/Nm3	
Safety	Fatality rate, directly employed	Yes	0	%	
	Number of fatalities (directly employed, contractors/subcontractors, third-parties)	Yes	0	number	
	LTI frequency rate, directly employed	Yes	0	%	
	LTI frequency rate, contractors and sub-contractors (on-site)	Yes	0	%	
	LTI severity rate, directly employed	Yes	0	%	
Water	Water consumption	Yes	139,321	m ³ /per year	
	Amount of Water consumption per unit of product	No	N/A	m ³ /per year	
Fuels and Raw materials	Alternative fuel rate (kiln fuels)	No	N/A	%	Not applicable
	Biomass fuel rate (kiln fuels)	No	N/A	%	Not applicable
	Specific heat consumption for clinker production	No	N/A	Liter/per ton	
	Alternative Raw Materials rate (% ARM)	Yes	0.2	%	
	Clinker/cement (equivalent) factor	Yes	78.02	%	
Quarry rehabilitation and biodiversity	Percentage (%) of quarries with high biodiversity value where biodiversity management plan is implemented	No	N/A	%	In the process of developing an action plan in order to track percentage of quarries
	Percentage (%) of quarries where rehabilitation plan is implemented.	No	N/A	%	



Acronyms and abbreviations

API Spec Q1	API Specification for Quality Management System Requirements for Manufacturing Organizations for the Petroleum and Natural Gas Industry	IOSH	Institution of Occupational Safety and Health
API	American Petroleum Institute	ISAE	International Standards for Assurance Engagements
B2B	Business to Business	ISO	International Organization for Standardization
B2C	Business to Customer	kg/m³	kilogram per cubic meter
BoD	Board of Directors	KPI	Key Performance Indicator
CCO	Chief Commercial Officer	kWh	kilowatt hour
CCR	Command Control Room	kWh/t	kilowatt hour per ton
CEO	Chief Executive Officer	LTI	Lost Time Injury
CFO	Chief Financial Officer	Mln	Million
CO₂	Carbon dioxide	mt	metric ton
CO₂/t	Carbon dioxide per ton	NO_x	Nitrogen oxides
CSR	Corporate Social Responsibility	OHS	Occupational Health and Safety
EN	European Standards	OJSC	Open Joint-stock Company
ESG	Environmental, Social, and Governance	QA/QC	Quality Assurance/Quality Control
g/ton	grams per ton	QHSE	Quality, Health, Safety, and Environment
GCCA	Global Cement and Concrete Association	R&D	Research and Development
GJ	Gigajoule	SAP HCM	SAP Human Capital Management
GMS	General Meeting of Shareholders	SAP	Systems, Applications, and Products
GRI	Global Reporting Initiative	SDG	Sustainable Development Goal
HR	Human Resources	SME	Small and Medium Enterprise
HRM	Human Resource Management	SOC	Safety Operations Card
HSE	Health, Safety, and Environment	STEM	Science, Technology, Engineering, Mathematics
IASB	International Accounting Standards Board	THC	Total hydrocarbon content
IFRS	International Financial Reporting Standards	UN	United Nations
		VAT	Value-added tax
		VOC	Volatile Organic Compounds

GRI INDEX

Standard	Description	Status	Reference/Comment
GRI 2: GENERAL DISCLOSURES			
2-1	Organizational details	Covered	Section 1. Reporting profile
2-2	Entities included in the organization's sustainability reporting	Covered	Section 1. Reporting profile
2-3	Reporting period, frequency and contact point	Covered	Section 1. Reporting profile
2-4	Restatements of information	Covered	Section 1. Reporting profile
2-5	External assurance	Covered	Independence Assurance Report
2-6	Activities, value chain and other business relationships	Covered	Section 18. Sustainable procurement.
2-7	Employees	Covered	Section 20.3. Our people
2-8	Workers who are not employees	Covered	Section 12.3 Diversity and inclusion
2-9	Governance structure and composition	Covered	Section 6. Corporate governance
2-10	Nomination and selection of the highest governance body	Covered	Section 6. Corporate governance
2-11	Chair of the highest governance body	Covered	At Norm, Chairman of the BoD does not hold executive position.

Standard	Description	Status	Reference/Comment
GRI 2: GENERAL DISCLOSURES			
2-12	Role of the highest governance body in overseeing the management of impacts	Covered	Section 6. Corporate governance Section 8. Business continuity
2-13	Delegation of responsibility for managing impacts	Covered	9.1 Sustainability approach
2-14	Role of the highest governance body in sustainability reporting	Covered	9.1 Sustainability approach
2-15	Conflicts of interest	Partially covered	Conflicts of interest arising from related-party transactions are disclosed in accordance with the Civil Code of the Republic of Azerbaijan. Other issues are partially covered in the Code of Ethics.
2-16	Communication of critical concerns	Covered	12.2 Employee wellbeing
2-17	Collective knowledge of the highest governance body	Covered	All our senior managers have individual development plans which include not only actions for improving their professional skills, but also increasing their awareness of sustainable development.
2-18	Evaluation of the performance of the highest governance body	Covered	Section 6. Corporate governance

Standard	Description	Status	Reference/Comment
GRI 2: GENERAL DISCLOSURES			
2-19	Remuneration policies	Not covered	
2-20	Process to determine remuneration	Not Covered	
2-21	Annual total compensation ratio	Not covered	
2-22	Statement on sustainable development strategy	Covered	Section 9.1 Sustainability approach
2-23	Policy commitments	Covered	Section 7. Ethical business conduct
2-24	Embedding policy commitments	Covered	Section 7. Ethical business conduct
2-25	Processes to remediate negative impacts	Covered	Section 4. Our mission and vision Section 5. Our values Section 9.2 Contribution to the UN SDGs
2-26	Mechanisms for seeking advice and raising concerns	Covered	Section 7. Ethical business conduct
2-27	Compliance with laws and regulations	Covered	Section 7. Ethical business conduct

Standard	Description	Status	Reference/Comment
GRI 2: GENERAL DISCLOSURES			
2-26	Mechanisms for seeking advice and raising concerns	Covered	Section 7. Ethical business conduct
2-27	Compliance with laws and regulations	Covered	Section 7. Ethical business conduct
2-28	Membership associations	Covered	Section 7. Ethical business conduct
2-29	Approach to stakeholder engagement	Covered	Section 9.3 Stakeholder engagement
2-30	Collective bargaining agreements	Covered	At Norm, our employees are not covered by collective bargaining agreements. However, we always consider employees opinion in significant decisions affecting them. As an example, the implementation of the employee survey is effective from 2019.

Standard	Description	Status	Reference/Comment
GRI 3: MATERIAL TOPICS 2021			
3-1	Process to determine material topics	Covered	Section 1. Reporting profile Section 2. Materiality assessment
3-2	List of material topics	Covered	Section 2. Materiality assessment
3-3	Management of material topics	Covered	Throughout the report

Standard	Description	Status	Reference/Comment
GRI 201: ECONOMIC PERFORMANCE 2016			
201-1	Direct economic value generated and distributed	Covered	Section 10. Our economic performance
201-2	Financial implications and other risks and opportunities due to climate change	Not covered	
201-3	Defined benefit plan obligations and other retirement plans	Covered	Parental leave and retirement plans are applied according to the Labor Code of the Republic of Azerbaijan. Payments to the State Social Protection Fund (SSPF) are regulated by the Labor Code of the Republic of Azerbaijan. There is no voluntary retirement obligation plan in place.
201-4	Financial assistance received from government	Covered	No financial assistance is received from the government.

Standard	Description	Status	Reference/Comment
GRI 202: MARKET PRESENCE 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Covered	Section 12. Our people
202-2	Proportion of senior management hired from the local community	Covered	Section 20.3 Our people
GRI 203 INDIRECT ECONOMIC IMPACTS 2016			
203-1	Infrastructure investments and services supported	Covered	Section 11. Our social contribution
203-2	Significant indirect economic impacts	Covered	Section 10. Our economic performance
GRI 204 PROCUREMENT PRACTICES 2016			
204-1	Proportion of spending on local suppliers	Covered	Section 18.1 Supplier management

Standard	Description	Status	Reference/Comment
GRI 205: ANTI-CORRUPTION 2016			
205-1	Operations assessed for risks related to corruption	Covered	We do not assess suppliers for corruption risks.
205-2	Communication and training about anti-corruption policies and procedures	Covered	Section 9.3 Stakeholder engagement
205-3	Confirmed incidents of corruption and actions taken	Covered	No incidents of corruption occurred during the reporting period.
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Covered	No such anti-competitive behavior related incidents occurred during the reporting period.
GRI 207: TAX 2019			
207-1	Approach to tax	Covered	Section 10. Our economic performance
207-2	Tax governance, control, and risk management	Not covered	
207-3	Stakeholder engagement and management of concerns related to tax	Covered	Section 9.3 Stakeholder engagement Section 10. Our economic performance
207-4	Country-by-country reporting	Covered	Section 10. Our economic performance

Standard	Description	Status	Reference/Comment
GRI 301: MATERIALS 2021			
301-1	Materials used by weight or volume	Covered	Section 14.6 Materials use and circular economy
301-2	Recycled input materials used	Covered	Section 14.6 Materials use and circular economy
301-3	Reclaimed products and their packaging materials	Not covered	
GRI 302: ENERGY 2021			
302-1	Energy consumption within the organization	Covered	Section 20.4 Environment
302-2	Energy consumption outside of the organization	Not covered	
302-3	Energy intensity	Covered	Section 14.1 Impact on climate Section 20.4 Environment
302-4	Reduction of energy consumption	Covered	Section 24.1 Impact on climate
302-5	Reductions in energy requirements of	Not covered	

Standard	Description	Status	Reference/Comment
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	Covered	Section 14.4 Land and biodiversity
304-2	Significant impacts of activities, products, and services on biodiversity	Covered	Section 14.4 Land and biodiversity
304-3	Habitats protected or restored	Covered	Section 14.4 Land and biodiversity
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Covered	Section 14.4 Land and biodiversity
GRI 305: EMISSIONS 2016			
305-1	Direct (Scope 1) GHG emissions	Covered	Section 14.1 Impact on climate
305-2	Energy indirect (Scope 2) GHG emissions	Not covered	

Standard	Description	Status	Reference/Comment
GRI 305: EMISSIONS 2016			
305-3	Other indirect (Scope 3) GHG emissions	Not covered	
305-4	GHG emissions intensity	Covered	Section 14.1 Impact on climate
305-5	Reduction of GHG emissions	Covered	Section 14.1 Impact on climate
305-6	Emissions of ozone-depleting substances	Not covered	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and	Covered	Section 20.4 Environment
GRI 306: WASTE 2020			
306-1	Waste generation and significant waste related impacts	Covered	Section 14.5 Waste management
306-2	Management of significant waste-related impacts	Covered	Section 14.5 Waste management

Standard	Description	Status	Reference/Comment
GRI 306: WASTE 2020			
306-3	Waste generated	Covered	Section 14.5 Waste management Section 20.4 Environment
306-4	Waste diverted from disposal	Covered	Section 14.5 Waste management Section 20.4 Environment
306-5	Waste diverted to disposal	Covered	Section 14.5 Waste management Section 20.4 Environment
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016			
308-1	New suppliers that were screened using environmental criteria	Covered	Section 18.1 Supplier management
308-2	Negative environmental impacts in the supply chain and actions taken	Covered	We did not identify significant environmental negative impact in our supply chain.
GRI 401: EMPLOYMENT			
401-1	New employee hires and employee turnover	Covered	Section 12.1 Employee development
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Covered	Section 12.1 Employee wellbeing
401-3	Parental leave	Covered	Section 20.3 Our people

Standard	Description	Status	Reference/Comment
GRI 402: LABOR/MANAGEMENT RELATIONS 2016			
402-1	Minimum notice periods regarding operational changes	Covered	We do not have standard notice period provided to our employees, such period is decided depending on the action planned for each significant operational change. We also adhere to the Labor Code of Azerbaijan.
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018			
403-1	Occupational health and safety management system	Covered	Section 13. Safety culture at Norm
403-2	Hazard identification, risk assessment, and incident investigation	Covered	Section 13.1 HSE risk management
403-3	Occupational health services	Covered	Section 13. Safety culture at Norm
403-4	Worker participation, consultation, and communication on occupational health and safety	Covered	Section 13. Safety culture at Norm

Standard	Description	Status	Reference/Comment
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Covered	Section 13.1 HSE risk management
403-8	Workers covered by an occupational health and safety management system	Covered	Section 13. Safety culture at Norm Section 20.4 Health and safety
403-9	Work-related injuries	Covered	Section 13. Safety culture at Norm Section 20.4 Health and safety
403-10	Work-related ill health	Covered	Section 13. Safety culture at Norm Section 20.4 Health and safety
GRI 404: TRAINING AND EDUCATION 2016			
404-1	Average hours of training per year per employee	Covered	Section 13. Safety culture at Norm
404-2	Programs for upgrading employee skills and transition assistance programs	Covered	Section 12.1 Employee development

Standard	Description	Status	Reference/Comment
GRI 404: TRAINING AND EDUCATION 2016			
404-3	Percentage of employees receiving regular performance and career development reviews	Covered	Section 12.1 Employee development All of our employees receive regular performance and career development review through our Grading and Performance Assessment System.
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016			
405-1	Diversity of governance bodies and employees	Covered	Section 20.3 Our people
405-2	Ratio of basic salary and remuneration of women to men	Covered	Section 20.3 Our people
GRI 406: NON-DISCRIMINATION 2016			
406-1	Incidents of discrimination and corrective actions taken	Covered	No such incidents occurred during the reporting year.
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Covered	We do not perform specific risk assessments to check collective bargaining or freedom rights. No such incidents occurred during the reporting year.
GRI 408: CHILD LABOR 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	Covered	No incidents of child labor were identified during the reporting period.

Standard	Description	Status	Reference/Comment
GRI 409: FORCED OR COMPULSORY LABOR 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Covered	No incidents of forced or compulsory labor were identified during the reporting period.
GRI 410: SECURITY PRACTICES 2016			
410-1	Security personnel trained in human rights policies or procedures	Covered	No security personnel have received training in human rights policies or procedures.
GRI 411: RIGHTS OF INDIGENOUS PEOPLES 2016			
411-1	Incidents of violations involving rights of indigenous peoples	Covered	No such incidents occurred during the reporting year.
GRI 412: HUMAN RIGHTS ASSESSMENT 2016			
412-1	Operations that have been subject to human rights reviews or impact assessments	Covered	Section 9.1 Sustainability approach
412-2	Employee training on human rights policies or procedures	Covered	No employee has received trainings on human rights policies or procedures.
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Covered	No significant investment agreements subject to close human rights monitoring were signed during the reporting period.

Standard	Description	Status	Reference/Comment
GRI 413: LOCAL COMMUNITIES 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	Covered	Section 11. Our social contribution
413-2	Operations with significant actual and potential negative impacts on local communities	Covered	There were no operations with significant direct negative impacts on local communities during the reporting period.
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	Covered	Section 18. Sustainable procurement
414-2	414-2 Negative social impacts in the supply chain and actions taken	Covered	Section 18. Sustainable procurement
GRI 415: PUBLIC POLICY 2016			
415-1	Political contributions	Not disclosed	
GRI 416: CUSTOMER HEALTH AND SAFETY 2016			
416-1	Assessment of the health and safety impacts of product and service categories	Not covered	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Covered	We did not identify any incidents of non-compliance concerning the health and safety impacts of products and services.

Standard	Description	Status	Reference/Comment
GRI 417: MARKETING AND LABELING 2016			
417-1	Requirements for product and service information and labeling	Covered	Section 17. Quality assurance
417-2	Incidents of non-compliance concerning product and service information and labeling	Covered	We did not identify any incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of our products and services during the reporting period.
417-3	Incidents of non-compliance concerning marketing communications	Covered	No incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications were identified during the reporting period.
GRI 418: CUSTOMER PRIVACY 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Covered	No breaches of customer privacy were identified during the reporting period.

INDEPENDENT ASSURANCE REPORT

Independent practitioner's limited assurance report by Deloitte & Touche LLAC ("Deloitte") to the Board of Directors of Norm OJSC ("the Company") on the 2021 Sustainability Report for the year ended 31 December 2021:

Scope of assurance

We have been engaged by the Company to perform an assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) ("the Standard") to provide independent limited assurance on the accuracy of Selected Data presented in "Norm Sustainability Report 2021" ("the Report") prepared in accordance with the "Core" option requirements of Global Reporting Initiative ("GRI") Sustainability Reporting Standards for the year ended 31 December 2021.

Assurance procedures and roles

We carried out limited assurance on the accuracy of the following data related to year 2021 and included into the Report:

- (1) Selected key performance indicators specified below in the section "Selected non-financial performance data for limited assurance", and
- (2) The Company's self-declaration in preparing the Report in accordance with the "Core" option requirements of GRI Sustainability Reporting Standards as stated in the "Report Profile" subsection of the Report.

Our key assurance procedures

To achieve limited assurance, the ISAE 3000 (Revised) requires that we review the processes, systems, and competencies used to compile the areas on which we provide our assurance. Considering the risk of material misstatement, we planned and performed our work to obtain all of the information and explanations we considered necessary to provide sufficient evidence to support our assurance conclusion.

To form our conclusions, we undertook the following procedures:

- Analyzed on a sample basis the key systems, processes, policies, and controls relating to the collation, aggregation, validation, and reporting processes of the selected sustainability performance indicators;
- Conducted interviews with employees of the Company responsible for sustainability performance, policies, and corresponding reporting;
- Conducted selective substantive testing to confirm the accuracy of received data to the selected key performance indicators;

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- Made inquiries of management and senior executives to obtain an understanding of the overall governance and internal control environment, risk management, materiality assessment, and stakeholder engagement processes relevant to the identification, management, and reporting of sustainability issues; and
- Performed selective review of disclosures in the Report on compliance with GRI Sustainability Reporting Standards.

We believe that our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error, or non-compliance may occur and not be detected. Additionally, non-financial information, such as that included in reporting documents is subject to more inherent limitations than financial information, given the nature and methods used for determining, calculating, and sampling or estimating such information.

Our work has been undertaken so that we might state to the Company those matters we are required to state to them in this Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work, for this Report, or for the conclusions we have formed.

Our engagement provides limited assurance as defined in ISAE 3000 (Revised). The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Roles and responsibilities

The Directors of the Company are responsible for the preparation, accuracy, and completeness of the sustainability information and statements contained within the Report. They are responsible for determining the Company sustainability objectives and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Our responsibility is to independently express a conclusion on the Selected Data based on our procedures. We conducted our engagement in accordance with the ISAE 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board.

Independence and quality control

We have complied with the independence and other ethical requirements established by the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which are based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Deloitte applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Selected non-financial performance data for limited assurance

We have been engaged by the Company to perform limited assurance procedures on the accuracy of the following key performance data of the 2021 report included in the Report:

Employees	<ul style="list-style-type: none">• Total number of employees• Total number of employees by gender, male• Total number of employees by gender, female• Hired employees• Number of dismissed employees• Employee turnover rate• Number of permanent employees• Number of temporary employees• Number of full-time employees• Number of part-time employees
Health and safety	<ul style="list-style-type: none">• Number of hours worked• Total number of fatalities (directly employed)• Total number of recordable injuries• Number of lost time injuries (LTI)• Number of days lost due to injury/accident• LTI frequency rate (per 1,000,000 hours worked)• LTI severity rate (per 1,000,000 hours worked)
Greenhouse gas	<ul style="list-style-type: none">• Total amount of direct CO2 emissions• Specific direct CO2 emissions
Emissions into atmosphere	<ul style="list-style-type: none">• Total dust emissions• Total NOx emissions
Waste	<ul style="list-style-type: none">• Non-hazardous waste generated• Non-hazardous waste disposed to landfills• Non-hazardous waste recycled• Hazardous waste generated• Hazardous waste disposed to landfills• Hazardous waste recovered
Water consumption	<ul style="list-style-type: none">• Total water withdrawal

Energy	<ul style="list-style-type: none"> • Electrical energy consumption • Total natural gas consumption
Supply chain	<ul style="list-style-type: none"> • Total number of suppliers • Number of local suppliers • Share of the procurement budget that is spent on local suppliers/contractors • Procurement budget that is spent on local suppliers/contractors
Production	<ul style="list-style-type: none"> • Average clinker factor

Limited assurance conclusion

Based on the scope of our work and the assurance procedures performed we conclude that nothing has come to our attention that causes us to believe that the aforementioned Selected Data, which we were engaged to provide limited assurance on, as specified in the “Roles and responsibilities” section above are materially misstated.

Deloitte + Touche LLC

29 December 2022



**CHANGING YOUR PERSPECTIVE,
CHANGES YOUR EXPERIENCE.**



