



FROM GROUND TO GREEN

10 Years of
Sustainable
Milestones



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Letter of the CEO

LETTER OF THE CEO



Henning Sasse
Chief Executive Officer



Dear stakeholders,

In our 6th Sustainability Report, we not only showcase our achievements in 2023 but also commemorate a decade of our operations. This report illustrates the significant milestones we have reached since our establishment, underscoring our dedication to sustainable practices.

Transparency and efficiency have been integral to our operations from the outset.

As such, we have prioritized the thorough and professional execution of processes. This commitment also extends beyond execution to our ongoing operations. Throughout, we have continually fostered sustainable practices across our value chain, striving for holistic development encompassing environmental, social, and governance aspects.

During these years, we have always focused on advancing our technological capabilities to decarbonize our operations. Technological improvements are necessary in our operation because we align with the dynamic construction materials market. Thus, we have gradually increased our production rate and diversified the portfolio of our products by adding two new cement types.

As a result, in 2023 due to technological advancements made in the years prior, we maximized our production rate in comparison to the previous year.

On the other hand, we recognize that the cement manufacturing process is an energy extensive and emission-intensive process. To maintain our position in the market while ensuring environmental sustainability, we have been advancing our technological capabilities to decarbonize our operations. As an example, in previous years, we developed the utilization of AI to maximize the efficiency of operations.

Specifically, in 2023, we focused on developing Waste Heat Recovery technology that allows us to capture and reuse the heat lost during the operation. Using renewable energy sources reduces our dependence on fossil fuels and supports the sustainability of the business, as well as a sustainable future for the next generation. Therefore, this year we expanded our commitments to the renewable energy area and collaborated with Nobel Energy on a solar power project that is under development.

To reach an environmentally sustainable future, we recognize the importance of decarbonization. One of our decarbonization initiatives and current focus points of the company is a project related to the usage of alternative fuels and alternative raw materials. The purpose of the project is to reduce dependence on fossil fuels by integrating clean energy sources into our operations. We aim to achieve this by supporting alternative fuel usage and partially substituting raw materials with alternative waste.

Our mission in implementing this project is to enhance energy efficiency, utilize waste resources effectively, reduce our environmental footprint, and overall, promote sustainability initiatives.

In 2023, to maintain our circular economy performing at the best possible level, we continued to ensure a safe and effective waste management system via waste segregation.

Additionally, recognizing the environmental impact of industrial manufacturing, we ensure safe waste disposal according to the standards. For the past 10 years, we have consistently adhered to these policies and laws.

I want to highlight that we have been prioritizing environmental sustainability in our partnerships by evaluating the environmental criteria of our suppliers and collaborators during the selection phase. Through this approach, we ensure that sustainable practices are implemented throughout the entire value chain.



One of our most important priorities has always been our engagement with the community in which we work. Over the past 10 years, we have conducted internships and guided excellence programs for students and vocational schools, collaborated with universities, and established donation programs to contribute to the well-being of the community. Conversely, since its inception, our Master’s Club has made significant contributions to the community by providing networking opportunities for professionals across the country, along with educational resources that help them enhance their skills and connect with one another.

We maintained the same dedicated approach to sustainable social development in 2023, continuing to help the local community by supporting the elderly, lone families, and orphanages. Our internship program, trainings for vocational schools, and other educational contributions took place this year.

Overall, in 2023 we have invested 2.6 million AZN in corporate social responsibility activities.

We are committed to deepening our involvement in the local communities by providing optimal assistance for their well-being.

We consider our employees to be the main drivers of our success. Consequently, we are committed to their ongoing growth and well-being. To support this, we regularly offer extensive professional development training aimed at enhancing their skills and knowledge. Additionally, we prioritize a safe workplace that is free from any form of discrimination, providing comprehensive training programs focused on health and safety. This holistic approach ensures that our employees are not only equipped to handle challenges but also able to thrive both personally and professionally. By investing in their development and maintaining a secure, inclusive environment, we are laying a strong foundation for the long-term success and sustainability of our company. We have upheld this commitment over the years and plan to further enhance it in the future.

We believe that by investing in our employees’ development and safety, we are investing in the future of our business.

We have maintained this approach to our employees over the years and plan to enhance it in the coming years.

We are committed to exploring new opportunities to grow our operations and making sure our values guide every decision. Understanding that achieving our Company’s goals will require significant effort and resources, we will continue to take decisive actions to integrate sustainability principles into all levels of our business operations.

*Chief Executive Officer
Henning Sasse*


The background features a dark green upper section and a light green lower section. Two large, thick white curved lines, resembling stylized parentheses or brackets, are positioned on the left side, spanning across the horizontal boundary between the two green sections. The text 'About the Report' is located in the lower right area, set against the light green background.

About the Report

ABOUT THE REPORT

We are delighted to present our comprehensive sustainability report for 2023. Throughout the report, we offer a detailed exploration of our environmental, social, and governance (ESG) endeavors, reflecting our commitment to transparency, accountability, and sustainable practices. Adhering to the rigorous guidelines set forth by the Global Reporting Initiative (GRI) and the Global Cement and Concrete Association (GCCA), we provide stakeholders with a comprehensive overview of our initiatives, progress, and impact in key areas of sustainability. With this report, we aim to foster greater understanding, engagement, and collaboration as we collectively strive towards a more sustainable future.





10 Years in South Caucasus

BEGINNING OF OUR JOURNEY

Since the early phase of establishing the Company, transparency and competence have been foundational values at Norm. We have diligently pursued the development of the Company, collaborating with professional industry experts. Our rigorous approach in establishing the safe operation included conducting extensive geological surveys from 2008 to 2011 years, across 10,000 hectares, with over 2,000 raw material samples analyzed in specialized labs around the world. In 2009, public hearings on environmental and social impact underscored our commitment to stakeholder engagement, and in 2010, the Environmental and Social Impact Assessment document was approved by the Ministry of Environment and Natural Resources of Azerbaijan.

Our dedication to transparency extends to our financial operations, exemplified by meticulous audits conducted by third-party companies. This reinforces our commitment to integrity and accountability, which are essential pillars of our business ethos.

As a result of our meticulous efforts, cement production commenced in 2013, marking a significant milestone in our journey toward operational excellence and sustainability. Subsequently, in 2014, the inauguration of the kiln line at the manufactory further solidified our position as a leader in the cement industry. These achievements highlight our commitment to innovation, transparency, and responsible business practices, paving the way for continued growth and success.



PERFORMANCE THROUGH THE YEARS




Throughout our decade-long journey, Norm has exemplified leadership, excellence, and a reliable commitment to sustainability stewardship in the cement industry. Guided by our vision to meet customer expectations, we have always improved the quality of our products and diversified them to meet the dynamic demand of the market.

In 2014, our induction into the European Cement Academy and prestigious awards such as “The Industrial Company of The Year” highlights our unwavering commitment to excellence from the beginning of our operation.

Subsequent years shows our dedication to quality and standards through American Petroleum Institute (API) certification and memberships in esteemed associations like the GCCA and EUPAVE. Additionally, the establishment of the Norm Master’s Club highlights our commitment to fostering collaboration and innovation.

Our contributions extended beyond business operations, encompassing education, safety, and engagement with the community. Initiatives in vocational education, university partnerships, and other important social projects highlighted our focus on sustainable development. Through our contributions to social projects and actively engagement, Norm Master’s Club was honored with the National Corporate Social Responsibility (CSR) Project Award, emphasizing our efforts to make a positive impact in communities. Achievements in financial performance, CSR endeavors, and global partnerships underscore our dedication to excellence and responsible business practices. By striving for positive changes and staying true to our core values, we have strengthened our position as a sustainable company.

Achievements through the years

<div>4 Memberships</div> <div></div>	<div>6 Awards</div> <div></div>	<div>0 Direct Fatality</div> <div></div>
<div>Reduction in specific VOC emissions at 15.44% CAGR</div>	<div>Decrease in specific NOx emissions at 4% CAGR</div>	

10 YEARS JOURNEY

2013

- Start of cement production

2014

- Becoming member of European Cement Academy
- Commencing the production of clinker

2016

- Establishing Norm Master's Club

2018

- Achieving first "365 accident-free working days"

2019

- Organizing first International Concrete Conference in the Country

2020

- Master's Club was awarded with National CSR Project award of 2019

2021

- Receiving first API certificate in South Caucasus


2022

- Becoming a member of the Global Cement and Concrete Association

2023

- Joining UN Global Compact
- Best managed company in 2023

2024



Our ESG Performance - Value created in 2023

HIGHLIGHTS OF 2023 BY ESG

Environmental



- Achieving over 6% reduction in total dust emissions compared to 2022
- Achieving over 7% reduction in total NOx emissions compared to 2022

Social



- Investing 2.6 million AZN in CSR
- HR System Centralization
- Hosting ICCX Academy Baku

Governance



- Joining to UN Global Compact
- Awarded the title of “Best Managed Companies Azerbaijan”

SCOPE AND BOUNDARIES

Norm OJSC, (hereafter referred to as “Norm” or “The Company,”) is delighted to present its 6th Sustainability Report, encompassing ESG performance.

This annual report serves as a crucial communication tool, offering transparent insights into our progress across these areas.

The information contained within the report is shaped by our organizational priorities and addresses the key areas of interest for both internal and external stakeholders. Covering Norm’s 2023 fiscal year from January 1, 2023, to December 31, 2023, this report adheres to the United Nations Sustainable Development Goals (SDGs) framework and complies with the requirements of the Global Reporting Initiative (GRI) Standards, as outlined in the GRI Index on page 79. Additionally, our reporting aligns with the guidelines set forth by the Global Cement and Concrete Association (GCCA).

The Sustainability Report is available in both English and Azerbaijani versions on our website. We highly value feedback from our stakeholders and encourage comments, ideas, and suggestions for improvement. Contact details for submitting feedback and inquiries can be found at the end of the report.

The Sustainability report encompasses a comprehensive overview of the ESG performance, guided by our commitment to sustainability across various dimensions. The report delves into the following key areas:

 <h3>Environmental</h3> <ul style="list-style-type: none">• Environmental performance through sustainability initiatives, including projects to reduce emissions, achieve carbon neutrality, manage biodiversity, and promote circular economy.• The rationale behind Norm’s pursuit of carbon neutrality and its journey toward achieving net-zero emissions, showcasing the company’s pioneering role in environmental stewardship.	 <h3>Social</h3> <ul style="list-style-type: none">• Norm’s initiatives in promoting health and safety, talent development, employee well-being, diversity and inclusion, and community involvement.• Master’s Club, spotlighting Norm’s efforts to foster a supportive and inclusive work environment and the engagement with local communities.	 <h3>Governance</h3> <ul style="list-style-type: none">• Norm’s governance structure, including its business model, core values, corporate governance practices, and ethical conduct.• Committees and the Board of Directors, governance matters, ensuring transparency and accountability.• Operations management, responsible procurement, financial performance, and risk management strategies.
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Table 1. Scope of the Report

MATERIAL PRIORITIES

A vital component of Norm’s sustainability management strategy involves conducting materiality assessments. These assessments are integral to identifying the key priorities of our Company. Throughout this process, we place equal emphasis on environmental, social, and governance (ESG) factors in addition to economic considerations. The overall process consists of three parts:

- 01
- Identifying latest developments in the industry and comparing sustainable practices with those of global and local competitors.
- 02
- Evaluating identified topics from the perspective of stakeholders.
- 03
- Developing the list of material topics from the outcomes of assessment, taking into consideration stakeholder involvement.

By thoroughly examining these aspects, we ensure that our sustainability efforts are comprehensive and aligned with the needs of our stakeholders and the broader community. This approach enables us to prioritize initiatives that have the greatest impact on sustainability while addressing the concerns of both our business and the environment.



Figure 2. Materiality Matrix



Figure 3. Material Topics

SUSTAINABLE DEVELOPMENT GOALS

Since the establishment of our production facility, we have continued our efforts to contribute to the UN SDGs. We have prioritized creating fair opportunities for career growth and advancement for our diverse workforce, irrespective of race, gender, religion, or background. In addition to fostering a safe and supportive workplace environment, we have implemented comprehensive training programs to improve our employees’ professional skills and knowledge. Furthermore, recognizing the urgency of addressing climate change, we have invested in accelerating our technological capabilities to explore sustainable energy solutions, aiming to reduce our carbon footprint and contribute to environmental conservation efforts. Our commitment to sustainability is deeply ingrained in our organizational ethos, driving our ongoing pursuit of innovative solutions to global challenges.

Our Commitment to UN SDGs

<div><div>1</div><div>NO POVERTY</div><div></div></div>	<ul style="list-style-type: none">• Employment prospects and a focus on recruiting individuals from the local community with priority	<div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div><div></div></div>	<ul style="list-style-type: none">• More than 1400 training hours dedicated to OHS
<div><div>4</div><div>QUALITY EDUCATION</div><div></div></div>	<ul style="list-style-type: none">• Over 5855 hours of training programs offered	<div><div>5</div><div>GENDER EQUALITY</div><div></div></div>	<ul style="list-style-type: none">• Equal career opportunities provided irrespective of gender, race, nationality, or religion
<div><div>7</div><div>AFFORDABLE AND CLEAN ENERGY</div><div></div></div>	<ul style="list-style-type: none">• Advancing Waste Heat Recovery technology• Promoting Solar Power Projects	<div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div></div></div>	<ul style="list-style-type: none">• Conducting research and development initiatives to discover innovative, efficient, and sustainable solutions
<div><div>11</div><div>SUSTAINABLE CITIES AND COMMUNITIES</div><div></div></div>	<ul style="list-style-type: none">• Procuring a variety of environmentally sustainable products to support construction projects	<div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div></div></div>	<ul style="list-style-type: none">• Crafting sustainable products aligned with consumer preferences• Guaranteeing the efficient and eco-friendly utilization of materials and operations
<div><div>13</div><div>CLIMATE ACTION</div><div></div></div>	<ul style="list-style-type: none">• Investing in decarbonization technologies to facilitate an efficient and sustainable transition to low-carbon practices	<div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div><div></div></div>	<ul style="list-style-type: none">• Engaging in international and local conferences• Collaborating with local and international companies to promote sustainable regional development

Figure 4. Integration with UN SDGs

STAKEHOLDER ENGAGEMENT

At Norm, we recognize the vital importance of effective interface management with our diverse stakeholders. Our employees are the backbone of our operations, and we prioritize open communication, fair treatment, and opportunities for growth within our Company. For our customers, we strive to deliver high-quality products and exceptional service, ensuring their satisfaction and trust in our brand. Suppliers are valued partners in our supply chain, and we maintain transparent and collaborative relationships to ensure mutual success. Engaging with NGOs allows us to address social and environmental issues collaboratively, aligning with our commitment to corporate social responsibility. Government and public authorities are essential partners in regulatory compliance and policy development, and we actively engage with them to ensure alignment with legal requirements and industry standards. Media engagement enables us to share our story and values with the public, fostering understanding and trust. Lastly, we prioritize engagement with local communities, listening to their needs and concerns, and actively participating in initiatives that contribute to their well-being and development. We strive to build lasting relationships and create shared value for all stakeholders through effective interface management.

<div>Employees</div> <div>Employees are the cornerstone of Norm’s business prosperity. To provide the best possible environment for them to work, we grant an array of benefits. Those benefits include extensive training sessions and educational materials by “Neqsol Academy”, health and safety programs and other benefits to foster improved long-term development. The Company creates/encourages a safe environment that advocates for sharing of new suggestions, ideas, or feedback.</div>	<div>Customers</div> <div>Our success is inseparable from the satisfaction and loyalty of our customers. To strengthen our relationship with them and ensure that every concern is addressed, we have established a dedicated customer complaint resolution function. This system is designed to receive negative feedback, thoroughly investigate the causes of issues, and actively work towards resolving them.</div>	<div>Suppliers</div> <div>As a cement manufacturing company, Norm sustains reliable relationship with its suppliers and continues to bolster it over the coming years. To do so, our company constantly monitors suppliers to comply with our Code of Conduct along with identifying potential disputes arose during working together.</div>
<div>NGOs</div> <div>Norm’s focus on social initiatives and contributing to marginalized social groups are brought by NGOs. They function as an intermediary, between our company and local communities to prosper.</div>		<div>Shareholders</div> <div>Shareholders play a pivotal role in company structure; therefore, we ensure repeated communication with them regarding financial well-being, management practices, business performance as well as our ESG strategy. This defined communication mechanism provides an avenue for increased engagement between two parties.</div>
<div>Government and Public Authorities</div> <div>Government and public authorities are key stakeholders for our company, as they develop the regulations and laws that guide our operations. We are committed to adhering to these regulations, ensuring compliance and fostering a positive relationship with governmental bodies.</div>	<div>Media</div> <div>Stemming from utilizing a number of social media channels and website, we clearly communicate with our stakeholders regarding new product information and company news or obtain feedback from the customers. Two-sided nature of social media engagement paves the way for coherent understanding of our customers’ perspective while strengthening relationship with them.</div>	<div>Local Communities</div> <div>By actively engaging in social impact initiatives, Norm realizes positive influence over local communities. Mentioned initiatives are not only limited to charity projects but also promoting the educational journey of young prospects through number of projects such as the Norm internship programs, charity towards underrepresented communities and numerous seminars.</div>

Table 2. Stakeholder engagement



Governance: Leading with Integrity

CORPORATE GOVERNANCE

We strongly believe that stable corporate governance is the cornerstone of successful business operations. Through constantly assessing every part of our operations, our company has always displayed exceptional ethical standards. Our corporate governance body was designated to advocate for objectivity in decision-making and underscore the essence of sufficient information. This framework is implemented to ensure that top management accomplishes all their responsibilities with prudence and integrity while upholding the laws and regulations set forth by Norm. Furthermore, we strive to comply with global best practices by comprising our main governance bodies of three entities, which are accompanied by various levels of accountability and assessment standards. Please refer to Figure 5 for more details.

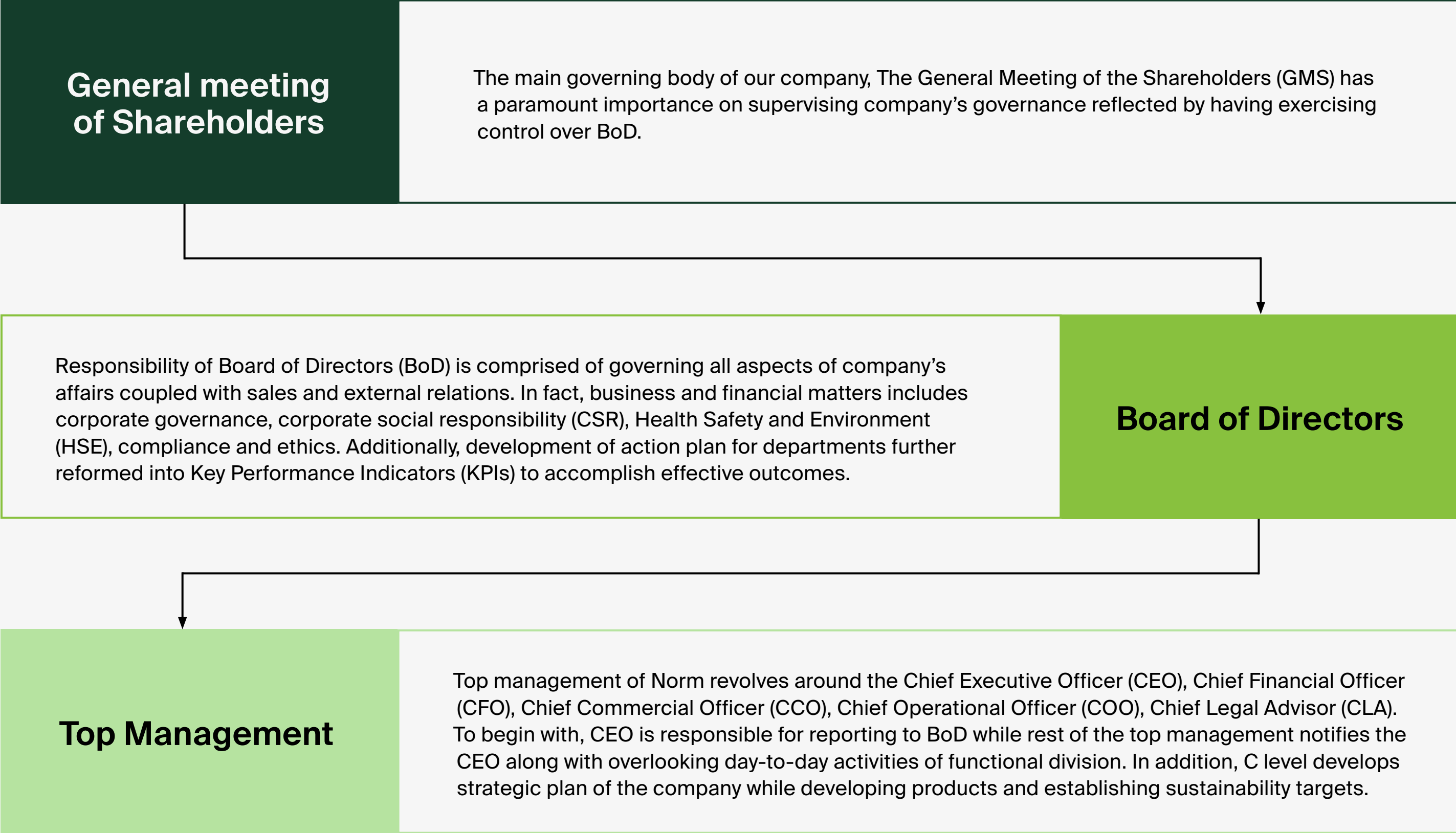


Figure 5. Corporate Governance

Weekly development targets and progress reviews are discussed in management meetings held weekly, with the participation of all C-level executives. Our Company also carries out Board of Directors meetings five times a year. We believe that pursuing the aforementioned hierarchy ensures transparency throughout all governing bodies of the Company, ensuring effective communication of significant matters within the management.

The results of our holistic and systematic management approach lead to Norm being named the “Best Managed Company Azerbaijan” in 2023.

Our Company acquired the award through an independent panel, graded based on four main criteria: strategy, organizational capabilities, corporate culture, and financial and corporate management.



BOARD OF DIRECTORS

The Company's Board of Directors consists of individuals with a diverse set of competencies, experience, and expertise to foster steady development in daily business activities. Encompassing 2 C-suite members, the Chair of the BoD, and 5 representatives of the Board, the governance body displays a strong level of diversity in its formation. The board's representation of various nationalities, each bringing a unique perspective to the decision-making process, reflects the Company's dedication to inclusivity. Additionally, most individuals have over 20 years of experience, highlighting their extensive expertise in the sector.



COMMITTEES

Originating from smooth communication within divisions and optimizing organizational performance through streamlined management practices, we have recognized six committees, including the Credit Committee, Human Resources Committee, Ethics Committee, Internal Audit Committee, Risk Committee, and Tender Committee. Additional information about the activities of the committees is described in Figure 6.

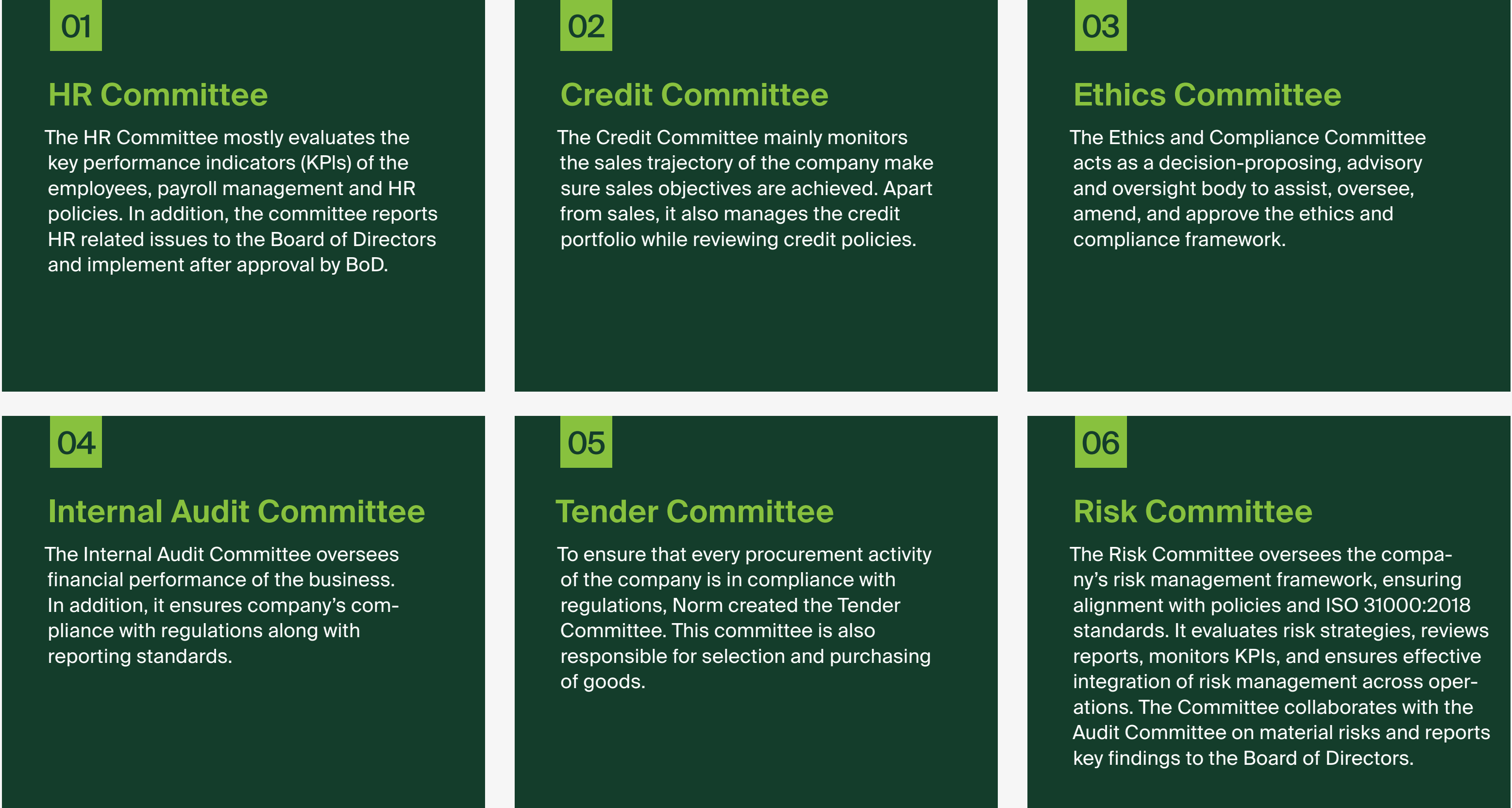


Figure 6. The Committees

BUSINESS MODEL

The advent of the use of cement as one of the main building blocks of the urban ecosystem paved the way for an increased demand for the material, coupled with the government stepping up its infrastructure actions. To this day, Norm has significantly boosted production capability while advocating for high-end products to eliminate reliance on cement imports. Our product portfolio includes four bulk cement types and three bagged cement varieties.

Norm’s business model relies on the production and sale of a distinctive set of cement products. At the heart of the operations lies the extraction of the raw material, which is an essential part of manufacturing the product. The use of heating and blending techniques ensures that cement and clinker production is carried out in the most effective manner, while the quality control team monitors whether the final goods meet the specified requirements. Moreover, coordination is an integral part of the process since the distributing party must ensure the timely and safe delivery of the products. To be more familiar with the Company’s value chain, please refer to Figure 7.

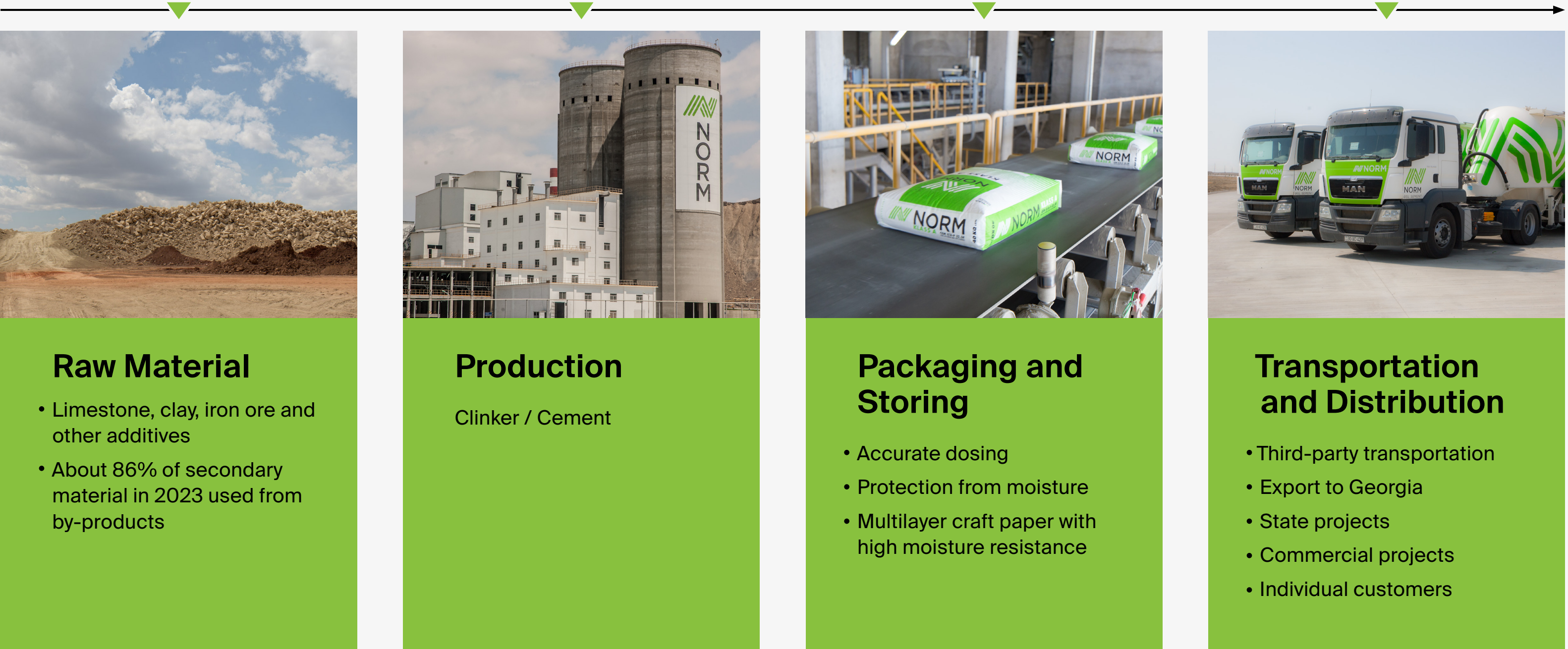


Figure 7. Value Chain

MISSION AND VISION

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

OUR MISSION

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

OUR VISION

OUR VALUES



Customer satisfaction

Customers are at the forefront of our business success, and to offer them the best-quality products, we must familiarize ourselves with their aspirations. Norm achieves defined goals by maintaining close relationships with customers, evaluating customer satisfaction, and monitoring feedback through social media channels. Details of customer satisfaction are covered in “Social: Nurturing Relationships.”



Environmental preservation

As a key player in one of the most energy-intensive industries, we recognize our responsibility to protect the environment. Consequently, we consistently seek out various approaches to enhance the sustainability of our operations. This commitment encompasses efforts to reduce emissions, implement circular economy practices, and recycle waste. In instances where recycling is not feasible for certain types of waste, we prioritize safe disposal methods. Additionally, we emphasize process safety in cement production, ensuring that our emergency preservation and response measures are effective.



Health and safety for employees and stakeholders

Due to the nature of our operations, we aim to minimize safety hazards for all our stakeholders, including contractors, suppliers, and employees. Our strong focus on the issue can be reflected in our new HSE programs, which revolve around updated reporting channels and digitalizing employee and contractor behavior supervision. Detailed information is shown in the “Health and Safety” section of the Report.



Innovative solutions

As a leading cement Company, we strive to maintain our position by committing to transformative solutions that optimize resource use and prevent errors in the production chain. We continuously integrate user comments to amplify product features and seamlessly meet customer needs. The Company invests in AI technologies to reduce the number of emissions released to the air and the “Journey to Net Zero” section of the Report analyzes the above mentioned technology in a more detailed way.



Integrity

We consistently promote integrity in our work, fostering a safe environment for growth under the guidance of a competent governance structure. Our Code of Conduct consistently guides ongoing operations and paves the way for our commitment to moral standards and upholding ethical practices. “Ethical Business Conduct and Transparency” discusses this value more thoroughly.

Figure 8. Our Values

ETHICAL BUSINESS CONDUCT AND TRANSPARENCY

Since the inception of our Company, we have maintained our image through ethical and legally compliant operations, which has enabled trust among our stakeholders. Embedded in the Company’s ethos, our Code of Conduct, optional compliance training, employee support programs, and governance policies foster ethical conduct throughout every level of management and business processes. Norm’s commitment to ethical standards is reinforced by our focus on complete transparency, a critical component of our business processes and a top priority for our Company. To highlight our transparency, we undergo numerous financial and non-financial audits while issuing public reports such as financial reports and sustainability reports. Additionally, our policies, such as QHSE, HR, and Code of Conduct are publicly accessible to all our stakeholders.

At Norm, we have no tolerance for corruption, and no corruption instances have been identified to date.

To maintain this, we conduct yearly evaluations to mitigate the threat of corruption and bribery. Additionally, Norm provides anti-corruption training for its employees, comprised of an online learning content platform that offers practice tests and study modules, training materials, and video lectures. Our anti-bribery policy ensures that any instance of non-compliance is prevented, and the methodology is effectively communicated to our employees, especially in high-risk positions. Additionally, our ethical practices extend to individuals outside the organization, as we require our suppliers to comply with the established norms. In line with our commitment to transparent supplier relationships, we have dedicated our efforts to the implementation of an anti-bribery management system (ABMS) that meets the rigorous requirements of ISO 37001:2016. This process is targeted certification by 2025 represents a significant step towards solidifying our ethical framework.



QHSE Policy

www.norm.az/en/governance/HSEpolicy



Human resources policy

www.norm.az/en/governance/HRpolicy



Code of Conduct

www.norm.az/en/governance/ethics

OPERATIONAL EXCELLENCE

At Norm, we place a great emphasis on the integration of technologies in intraorganizational matters, especially those that enhance collaboration, increase productivity, and enhance decision-making. The main contributor to the mentioned system in the Company is Enterprise Resource Planning (ERP), which deals with unifying finance, operations, and supply chain into a single system. ERP highlights each department’s activity through dashboards that streamline the process and increase visibility. In addition, the convenience of data retrieval hastened by ERP contributes to providing comprehensive tools for streamlining the compilation of sustainability reports.

Apart from the utilization of ERP, SAP-ST system has been used by the Company since 2013. It offers multitudes of benefits as the software includes advanced planning and forecasting features for inventory decisions, along with maintaining legal compliance and eliminating security breaches of the SAP database. Additionally, SAP manages to reduce equipment breakdowns, minimizes downtime with real-time monitoring, reduces the need for manual interventions, and saves resources.

SAP systems and ERP software contribute significantly to easing the operational performance of employees. However, defined systems will not be sufficient for us as we try to broaden our horizons and invest in more recent technologies. Therefore, it was decided the companywide shift towards Oracle will provide better mobility and flexibility, which outweighs the benefits proposed by the previous software.



RESPONSIBLE PROCUREMENT

Procurement is an integral part of our business activities, which prompts us to make constant improvements to boost our operational capabilities. One of the most prominent adjustments in the reporting year for the procurement department is a shift from PROMENA to Oracle, designated to enhance visibility, streamline operations, and optimize supplier relationships. As PROMENA software is outdated, the advantages brought by Oracle make it a robust tool for stimulating supply chain processes. Next, one of the most important priorities of the Company is to organize procurement practices for each department. As such, the BoDs are obliged to oversee the implementation of the annual procurement plan for individual departments to foster prudent decision-making, enhance operational competency, and cut costs. Since each division is going to provide relevant data for their purchase pattern, planning can be executed beforehand, and negotiations can be more favorable. As a result, activities paved the way for more efficient and strategic procurement procedures, as evidenced by zero procurement bypass throughout the reporting year.

In our quest towards a sustainable future, we are inclined to establish strong ties with our suppliers as they are the cornerstone of our robust supply chain operations. We ensure that selected vendors uphold ethical standards, along with bolstering transparency in all aspects of their operations. To do so, all suppliers are required to fill out the pre-qualification form, even after working together, sellers still undergo reevaluation form to ensure that they are aligned with the defined qualifications. Environmental criteria have consistently been integral to our evaluation process, upheld in 2023, and will continue to guide assessments in 2024. It is essential to note that suppliers under the environmental criteria screening indicated no negative climate impact associated with their operations. Furthermore, when it comes to the supplier selection process, we gravitate towards local vendors, resulting with 88% of the total procurement budget is spent on local suppliers. To be more familiarized with the assessment criteria, please refer to Figure 9.

Apart from indicated selection stages, security checks have been implemented to curb the detrimental impact of counterfeit products and data breaches. To highlight this transparency, starting from this year, the tender catalog is published on both the website and LinkedIn. On top of that, we are in the process of updating the vendor list regarding the activity status, therefore, inactive vendors will be shortlisted. Lastly, stemming from increased concerns regarding HSE risks, revised assessment procedures of contracts will be conducted to monitor the situation. Defined changes deemed successful as high fines discourage suppliers from committing unnecessarily dangerous activities.

619
suppliers

74%
local suppliers



Environmental management

- Environmental protection and management
- Waste, pollution, emission and energy system



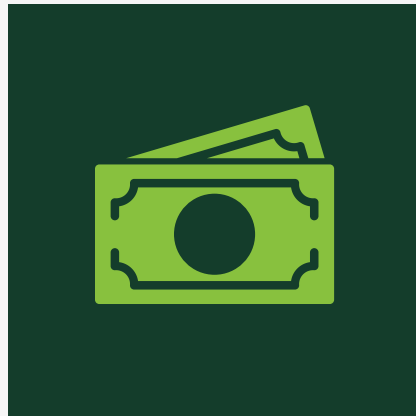
Health & Safety

- Health and Safety management system
- HSE trainings
- Risk assessment strategies



Quality Assessment

- Compliance with quality standards
- Customer grievance system
- Product quality assessment



Financial performance

- Sales
- Profitability
- Liquidity



General Information

- Overall information
- Website
- Address
- Other necessary documents

Figure 9. Supply chain assessment criteria

FINANCIAL PERFORMANCE

Norm strives to be the best in the industry and has managed to stay on top for many years. To maintain its position, it implements intricate financial planning and aims to bolster business growth through sustainable financial indicators and revenue performance.

It can be observed from the 2023 fiscal year performance that although minor deviations in capital expenditures and increases in operational costs are present, a 10.9% boost in revenue compared to the previous fiscal year offsets them.

Macroeconomic factors, specifically inflationary pressures, contribute to an increase in business costs. The main driver of the revenue is volume growth and a price bump associated with economic conditions. In terms of volume, all product classes grew since we are planning to increase manufacturing to cover rising demand for our products.

Aside from positive financial performance, we prioritize contributing to economic development through tax payments to the state budget. The proportion of the defined expense rises year over year, reflecting the Company's unwavering commitment to the economic well-being of the nation. Since the Company pursues a zero-tax-risk strategy, the essence of tax payments becomes an essential part of financial planning.

↑ 7%

increase in Total Assets

↑ 33%

increase in Net Income

Economic Indicators, 2021-2023

Economic indicators (in thousand AZN)	2021	2022	2023
Revenue	170,864	203,633	226,001
Economic value distributed	142,467	164,159	173,361
Operating expenses	123,150	144,574	158,350
Employee wages and benefits	18,058	19,378	21,921
Payments to the state budget, including	11,691	15,144	18,271
Income tax	8,147	11,531	14,318
Property tax	1,257	1,018	992
Withholding tax	128	192	259
Land tax	238	370	370
SSPF charges	1,921	2,033	2,332
Community investments	5,574	2,825	2,121
Other expenses	2,052	1,616	-5,381
Economic value retained	28,397	39,474	52,640

Table 3. Economic Indicators, 2021-2023

RISK MANAGEMENT

At Norm, The Risk Committee oversees the enterprise risk management framework of the Company, ensuring its alignment with ISO 31000:2018 guidelines and the Risk Management Policy. Comprising members nominated by the Board of Directors, including the Chairman, CEO, and others, the Committee evaluates risk management strategies, implementation, and effectiveness. It reviews periodic risk management reports, monitors KPIs, and collaborates with the Audit Committee on material risks. Meetings are held regularly, with minutes maintained by the Secretary for documentation and follow-up. Figure 10 depicts a thorough representation of specific risks.



Figure 10. Breakdown of risks

The background features a dark green top half and a light green bottom half. Overlapping circles in various shades of green and white are scattered across the image. One prominent circle in the center is split vertically, with a medium green left half and a light green right half. Another circle to its left is solid medium green. A third circle to the right is solid light green. The text is positioned on the right side, overlapping the light green background.

Social: Nurturing Relationships

SOCIAL: NURTURING RELATIONSHIPS

Employees are the cornerstone of our business activities since we could not achieve the industry’s leading position without their steadfast efforts.

Our Company fosters growth for people within the organization with various training sessions and seminars. In addition, our inclusive working environment welcomes people from every ethnic group, age composition, and cultural background.



HEALTH AND SAFETY

Due to the nature of our operations, safety hazards are frequently encountered by companies operating in our industry. Hard manual labor requirements in our business activities force our company to pay close attention to health, safety, and environmental policies and procedures. Moreover, we ensure that every employee and contractor is informed accordingly of the best practices and industry standards. For the year 2023, we accomplished our ultimate target of zero fatalities from direct employees.

Besides our strong commitment to safeguarding our stakeholders, we comply with a number of international standards and internal policies to continue minimizing any risks associated with our operations. We design our internal QHSE (Quality, Health, Safety, and Environment) policy to align our actions with our values, stakeholder interests, and objectives. On the other hand, international and local frameworks, including the Occupational Health and Safety Management System standard, ISO 45001:2018, the Labor Protection Act of the Republic of Azerbaijan, and the Labor Code of the Republic of Azerbaijan outline regulations we are required to adhere to.

Apart from complying with the law, our Company prioritizes effective internal communication with our employees to facilitate seamless operations and ensure their well-being. Safety-related matters have always been the focus of board meetings, and all feedback is considered to improve defined issues. Additionally, top management outlines QHSE-related regulations to division heads on a regular basis, along with conducting training. Besides the number of policies established to minimize risk, our Company actively works to raise awareness and reduce non-compliance through 371 HSE trainings conducted for over 78% of all employees. Figure 11 highlights the major topics covered in HSE training sessions.

HSE Training sessions topics		
Confined Space Safety	Safe driving	Emergency response
General Fire Safety	Refresher Safety Induction	Fire warden
Isolation and Lockout/Tagout	Forklift Operator Training	Using hand tools
SLAM	Office safety/ergonomics	Permit to Work
Working at height		

Figure 10. HSE training sessions

Starting in 2023, the Company implemented several programs to optimize operations while incentivizing employees and contractors to abide by the relevant laws. The digitization of communication and management systems contributes to increased communication efficiency as well as streamlining processes. Additionally, we implemented Stop, Look, Assess, and Manage (SLAM) to monitor employee behavior and prevent accidents, and we plan to implement the Behavior-Based Safety (BBS) program in 2024 to further reduce work-related accidents. The outcome of SLAM is more propelling because it enables us to mitigate any risk of incidents through specific risk analysis for each job, as well as offering a checklist for equipment and hand tools to reduce inflicted damage from misinformation. Unfortunately, in 2023, we experienced one fatality involving a contractor that occurred outside of our facilities. This distressing event prompted us to undertake a thorough review of our safety measures. We are actively developing and implementing robust preventative strategies to ensure such incidents do not recur, reinforcing our commitment to the highest safety standards across all operations. In addition, we continuously improve the physical conditions of our production site and conduct reviews among line managers to identify risks associated with business operations.

To further increase the security of the facilities, we have initiated reporting channels for employees, line managers, and even visitors to detail any observed risks, which in turn will be reviewed by the operation team to propose solutions to stimulate the alleviation of potential hazards. Additionally, commencing from 2023, “Employee of the month” and a range of other rewards will be granted to subcontractors to advocate for increased awareness and improved safety culture.



TALENT DEVELOPMENT

At Norm, we advocate for constant growth and pay close attention to our employees' well-being through a number of benefit programs. To achieve enhanced employee performance, our Human Resources (HR) department commits extended efforts to assist and instruct our employees. Established in 2018, Human Resource Management (HRM) serves as the foundation for dedicated HR structures and initiatives, encompassing HR operations, learning and development, talent acquisition, reward management, and performance management. To achieve the highest performance from HRM, we use KPIs to both departments and individuals to measure performance objectively and clearly communicate responsibilities.

This year's integration of HR functions into SAP, ERP, and SF software led to the centralization of these functions. In addition, HR dashboards are developed to ease the visualization of related information and improve decision-making. A unified HR reporting center holds all reports from internal management and board meetings, thereby monitoring changes in the business process in order to take proactive actions for constant improvement.

In our quest towards nurturing talent development and hastening employee efficiency, we provide employee performance appraisals twice a year. Thus, allowing individuals of the Company to check in with the managers to clearly comprehend any associated issues, along with ensuring that performance objectives align with the purpose of the Company. These practices stimulate engagement and improve efficiency in operations.

In the third year of the coaching program, the initiative contributed to the mentoring of junior-level employees by senior management and top executives. The goal of the program is to nurture leadership potential within managers while enhancing the knowledge of our people through development goals and objectives. Additionally, the application of the rotation program between engineering and technical-level employees is on the agenda for further projects. This program will assist in achieving employee rotation within departments and facilitate the sharing of experience and growth opportunities. We often host trainings to develop qualified personnel and sharpen individual members' skills, such as technical and specialized trainings to foster the advancement of workplace safety. At the end of the session, employees have access to all training materials to review and strengthen acquired knowledge.

One of the utmost priorities of the Company is to make sure all employees receive sufficient training to stimulate growth within the organization. To do so, a number of exhaustive trainings, mentoring, and certification events carried out designated for enhancing both soft and professional skills of each participant. The Company has invested a significant amount of capital towards speakers and third-party training providers to escalate the efficiency and effectiveness of the sessions. In fact, Norm was on the verge of hitting 6,000 training hours mark in the reporting year, showcasing a considerable jump relative to prior years.

6,000

Roughly 6,000 training hours

EMPLOYEE WELL-BEING

Employees are the building blocks of our sustainable business growth, and their contribution extends beyond individual benefits to organizational outcomes. To provide our employees with a sense of reassurance around fairness as well as equity surrounding pay, we made alliances with third-party organizations to implement our remuneration policy.

Norm provides employees with variable remuneration elements based on their individual performance and seniority. For instance, free meals and shuttle buses are granted to employees regardless of employment type and role, with some perks, including medical insurance, going beyond individual level to cover families. In addition, specific privileges are provided to top managers, such as a personal car and mobile phone, along with free accommodation and airfare for international staff. On a yearly basis, we make consistent improvements to our remuneration policy, one of which is substantial changes to medical coverage.

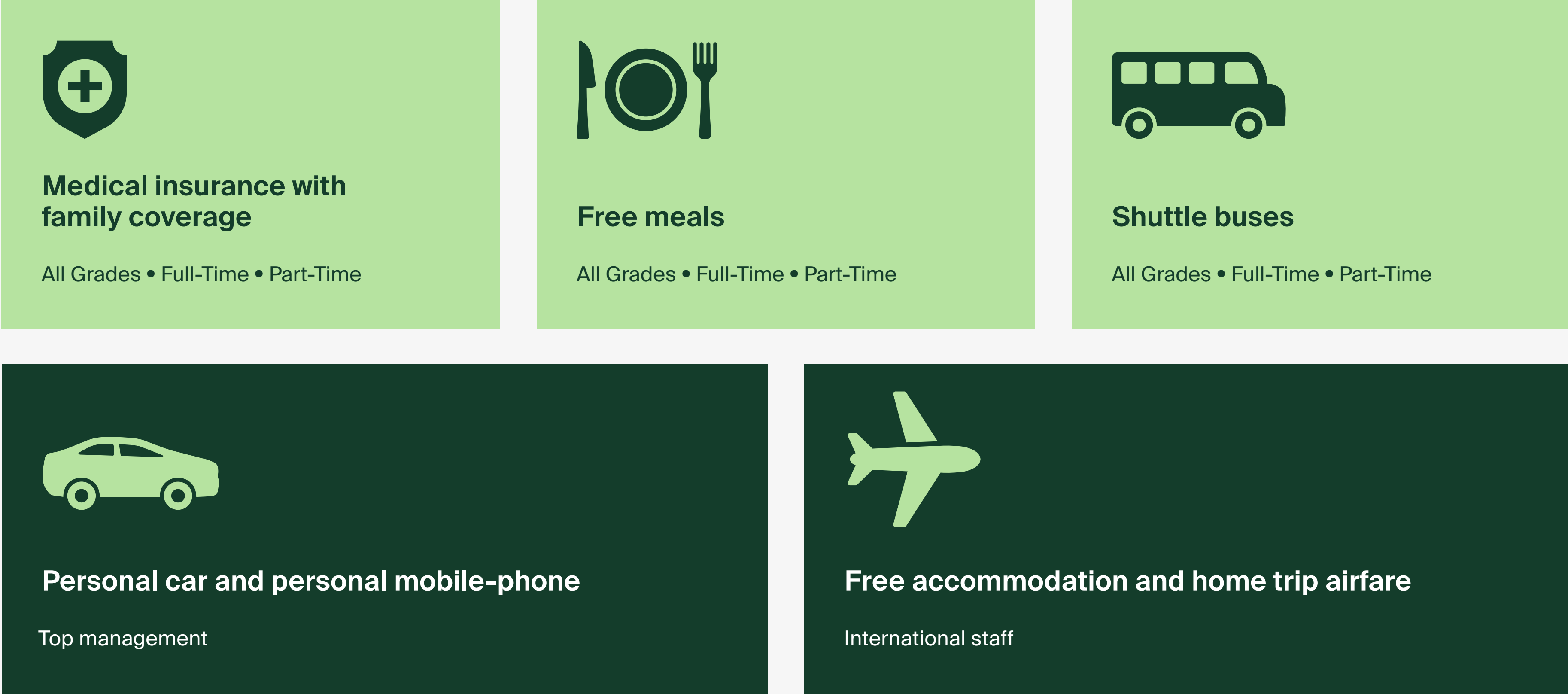


Figure 12. Social benefits by grades

EMPLOYEE SATISFACTION SURVEY

At Norm, we make sure to consistently conduct employee satisfaction surveys to generate relevant feedback on the respective benefits provided and to foster a happy working environment. The survey is comprised of 15 questions directed towards receiving probable concerns and insightful comments for improvements in the forthcoming future. The results of the survey indicate that generally, the majority of respondents display strong contentment towards additional services offered, especially in payments and shuttle buses. However, the areas that coincide with a lower satisfaction rate will be upgraded through the developed action plan to foster thriving working conditions and a satisfactory remuneration plan.

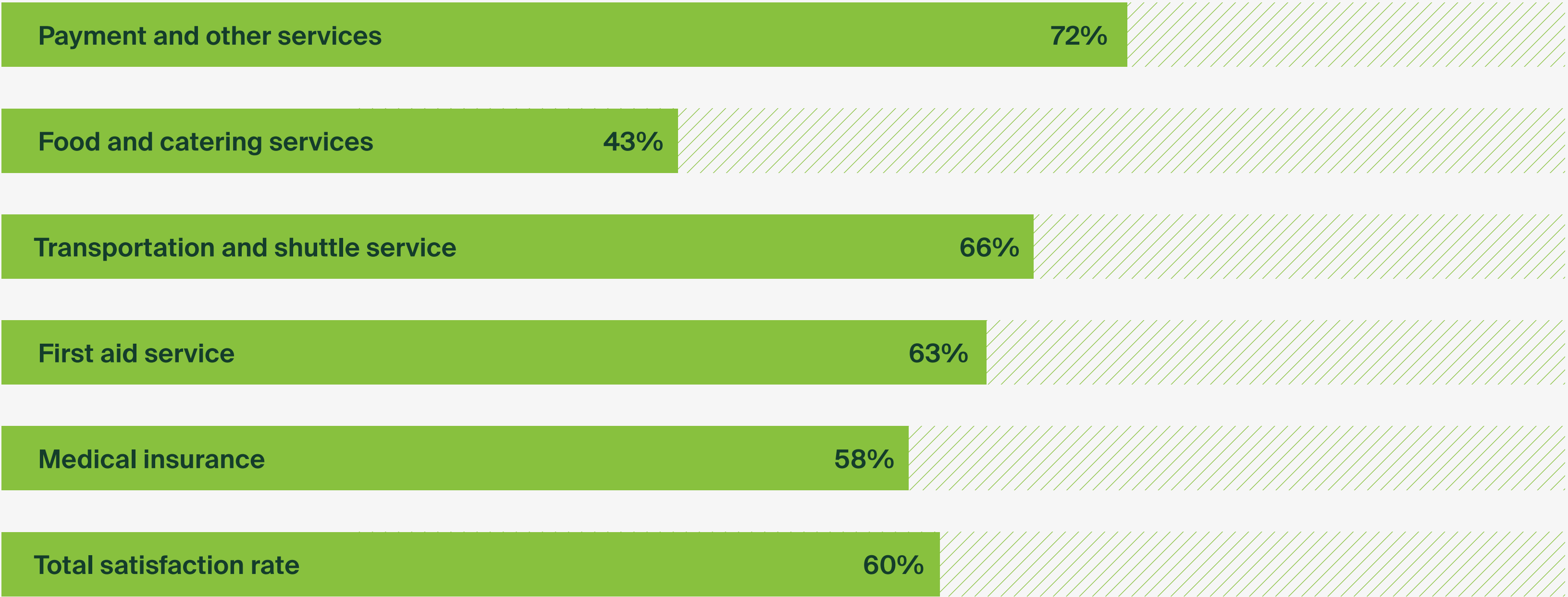


Figure X. Employee Satisfaction Survey, 2023

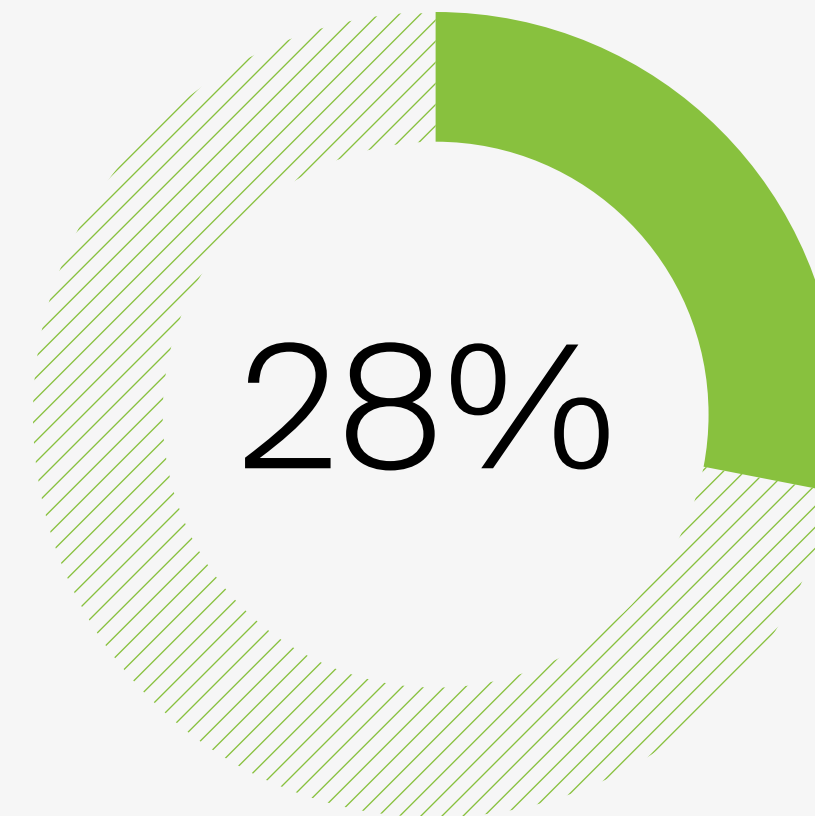
DIVERSITY AND INCLUSION

At Norm, we constantly emphasize the role of diversity and inclusion in business process productivity while also contributing to a fair and thriving environment for our community. Diversity enriches team performance because it amplifies team engagement and cohesion, eliminates biases, and fosters different viewpoints. Regardless of the ethnicity, race, gender, or age group an individual is part of, the Company considers and evaluates the person on the basis of performance, knowledge, and qualifications. To fully leverage this potential, we advocate for the development of an inclusive culture at all levels of the Company.

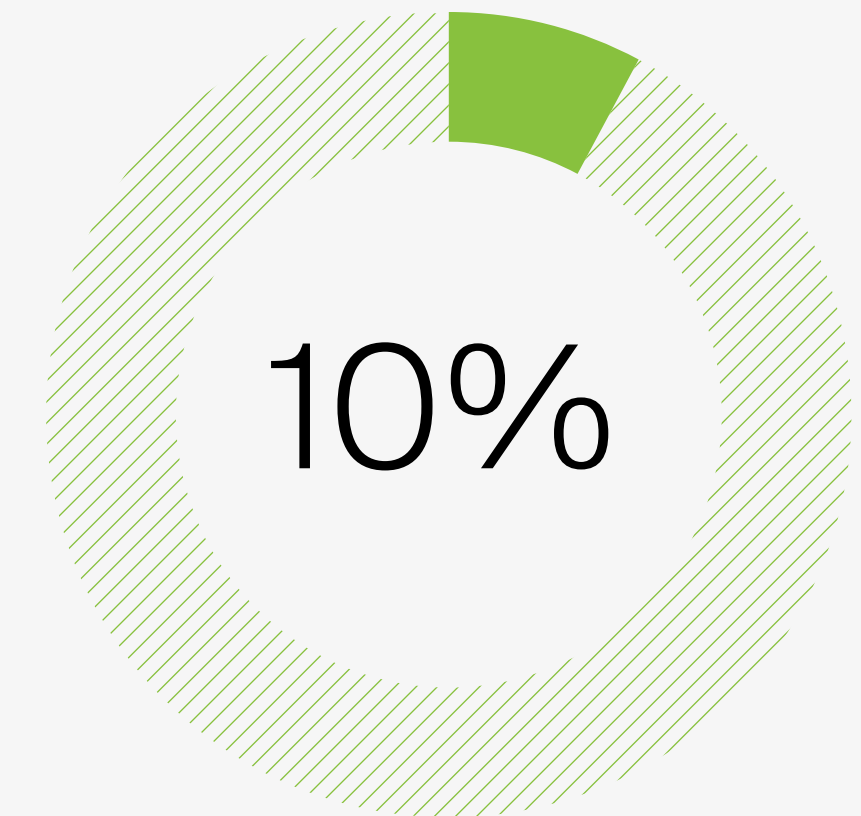
One of the overarching goals of the Company is to exclude unequal gender balance, which poses an impediment to the low retention of female talent. Due to the nature of our operations, it is challenging not only for our Company but also for the whole sector to attract and retain female employees. Historically, our industry was male dominated, however, Norm is committed to attract the number of women in the workplace. A thoroughly planned recruitment process aims to increase the share of women enrolled in the labor pool. Apart from attracting new employees, the Company needs to maintain them to foster growth within the Company, since it is essential to harness the development of existing employees rather than recruiting for the same role. To do so, Norm is inclined to provide mentorships, active promotion of employees, and an increased number of training sessions to accomplish defined objectives.

On top of that, one of the forthcoming targets of our inclusivity strategy is to balance the gap between genders in our management. To reach this goal, we financially support prospective female students with STEM education, myriad scholarship programs, and internship opportunities to minimize the gender imbalance in the imminent future, as well as prepare a new workforce that will obtain critical knowledge of contemporary technological trends.

As defined in the Code of Ethics of the Company, any kind of discrimination is not condoned within the Company, and affirmative actions are taken to promote equal opportunities. In addition, we realize the paramount importance of inclusion. Therefore, our Company has employed people with disabilities in our team, along with keeping the age composition stable throughout the years.



Share of women in new hires



Share of women in the workforce



Growth of women in specialist positions

Figure 13. Gender diversity in the workplace, 2023

COMMUNITY INVOLVEMENT

We are aware of the significant economic impact we possess in our industry, therefore, promoting the well-being of local communities and developing social progress is one of the utmost priorities of the Company. Our prosperous long-term ESG strategy is mainly elevated by investing in educational initiatives, modernizing infrastructure, environmental and social actions.

Education

We strongly believe that funding poured into the education of young prospects and professionals carries a great weight in the sustainable growth of the local community and economy. To achieve our set goals, we are involved in intricate projects that accelerate growth and help young minds find their career path. Our educational content is comprised of conducted training sessions, lectures, and presentations.

- Supporting vocal students and providing internship opportunities.
- Conducted “Guided Excellence Program” for third year students.
- “Summer Internship Program” for university students.
- Production Internship Program (from Last semester, graduate year students).

Environmental action

Stemming from the fact that Norm's business activities cause environmental risks, the Company invests heavily in environmental projects to compensate for and lessen said risks. Sound environmental awareness contributes to taking actions to tackle sustainability issues and act on our brand’s defined image.

Social action

Social actions targeted towards our community are the building blocks of our corporate social responsibility (CSR) initiatives. In fact, we are committed to enhancing our presence in local communities through charitable contributions to martyrs as well as elderly families and organizing visits to orphanages.

- Supported elderly and lone families in the Garadagh region.
- Arranged “Kid’s Day” event at Norm Cement.
- Supported orphanages in Lankaran and Ramana and donated cement for unfinished buildings.
- Hosted a meeting with the families of the martyrs on the eve of Victory Day and granted financial support.

Partnerships/Sponsorships

Norm aims to hold a leading position in the cement sector in the future, and therefore, strong partner relationships are of paramount importance. Our Company could not have implemented all ESG-related projects without strong partner ties that have developed over the years. This year, we proudly announced our official United Nations Global Compact membership, which aligns with our pursuit of sustainable future goals. In addition, Norm signed a memorandum with SLB Azerbaijan in 2023 for joint testing and development of G-class oil well cement. The establishment of the first cement association in Azerbaijan paved the way for promoting sustainability initiatives in the cement market. Besides significant partnerships, Norm gives considerable backing to projects aimed at advancing health and education, and it places a high value on sponsoring events.

- Sponsoring an international mini-football tournament in Baku.
- Being the local host and general sponsor of the ICCX Academy Baku 2023.
- Partnership with SLB in Azerbaijan.

2.6 M AZN


investments in CSR activities

MASTER'S CLUB

The inquiries of our end-users are our main priorities, therefore, we established a communication channel for interactions with users of our products. In this respect, we are marking the seventh year of the Master's Club, which has emerged as one of the leading social projects of the Company. Through direct client interaction, the club enables us to obtain insightful input regarding the quality and usability of our offerings. In addition, members of the club can also take part in a variety of social programs that promote development and progress, as well as access a multitude of information and experiences. We continued holding meetings with club members around the country in 2023 in order to deal with the most pressing problems. Apart from providing sessions for the club members, there are social responsibility projects supporting the families of the masters, such as education, health, and career development-related seminars. "Bir Inciyik" is among those projects, which was implemented in 2023, and consisted of a series of Zoom webinars covering psychological health, mother-child parenting relationships, women's health, and goal setting.

As Norm prompted to increase the loyalty of customers for their products, the Company has the "Loyalist" incentivizing program for the use of the members of the Club. The app provides additional benefits through scanning QR codes visible inside the paper bag and receiving bonuses according to accumulated bonus points. Additionally, Norm released the Norm Master's Club application for all mobile devices, enabling members to receive campaign news and earn product bonuses. Furthermore, Norm is planning to collaborate with the Agency for Quality Assurance in Education to further expand projects related to The Master's Club. The memorandum is planned to be signed in 2024 aiming to grant professional qualifications to the masters who passed the exams on specific specialties and modules.



The background features a dark green upper section and a light green lower section, separated by a white curved line. On the left, there are large, overlapping green and white circular shapes.

Environmental: Pioneering Sustainability

ENVIRONMENTAL: PIONEERING SUSTAINABILITY

In our pursuit of sustainability, Norm is committed to pioneering environmental initiatives that contribute to the development of the industry and the region. Through innovative practices and technologies, we strive to minimize our environmental footprint and promote long-term ecological balance. Our dedication to sustainability drives us to continuously explore new ways to protect and preserve the environment for future generations.

ENVIRONMENTAL PERFORMANCE OVERVIEW

Norm’s 10-year steadfast commitment to advancing environmental practices and management standards remains unwavering. Across various fronts, we persistently pursue enhancements, prioritizing emission reduction, environmental preservation, optimization of circular economy principles, and fostering collaborative efforts to maximize sustainable outcomes. As we commemorate a significant milestone during our anniversary, we proudly announce the expansion of our production rate, a clear testament to our enduring dedication to growth and innovation.

The rise in production rate is linked to the diversification our product range with two new types of cement, aimed at meeting the current market demand for these specific cement varieties. It is worth noting that besides adding new classes of cement, there is also a significant increase in the production of the remaining cement classes.

Production of cement and clinker, 2021-2023

	2021	2022	2023
Clinker production (tons)	1,572,706	1,460,881	1,735,463
Cement production (tons)	1,487,999	1,546,655	1,660,196

Table 4. Production of cement and clinker, 2021-2023

Total emissions, 2021-2023

Greenhouse gas emissions	2021	2022	2023
Total Amount of Direct CO ₂ Emissions Scope 1, ton/year	1,130,861	1,054,003	1,250,405
Total Amount of Scope 2 emissions CO ₂ e ton/year	86,230.60	87,667.42	96,536.05
Total Dust Emission ton/year	264.8	294.0	277.1
Total NOx Emission ton/year	1,233	1,286	1,201

Table 5. Total emissions, 2021-2023

This expansion addresses increased demand in the market and despite the direct correlation of production rate with the amount of emissions, we managed to achieve notable reductions in total dust and NOx emissions, which are 6% and 7% respectively. Furthermore, upon examining the specific emission values provided in the “Reducing Emissions” chapter Table 7, it is evident that there is a slight decrease in emissions per ton of production. Looking forward, we are committed to improving our production efficiency while also constantly developing environmental sustainability practices. These practices include a reduction of emissions across the entire value chain, encompassing both Scope 1 and Scope 2 emissions. Despite the challenge of rising production rates driven by the growing demand for construction materials in the region, we remain resolute in our dedication to environmental preservation. By continually advancing our technological capabilities, we are determined to meet environmental goals regarding emissions.

It is worth noting that, as a major cement producer in Azerbaijan, Norm is collaboratively working to establish an association with other cement producers to set specific targets for reducing carbon emissions during production processes. Under this initiative, Norm has pledged to reduce CO₂ emissions by 7% by 2030. Furthermore, aligning with global trends, there are concerted efforts to significantly reduce the release of chemicals and waste into the air, water, and soil by 2030, thus promoting environmentally efficient practices and mitigating their adverse impact on human health and the environment.

Cement manufacturing requires significant amount of water. Consequently, we are committed to continuously analyze our water management system to identify and address areas for improvement. This approach is guided by understanding the critical role of water in the cement industry and the impact of human activity on water renewability, thus we ensure the safety and sustainability of water resources for local communities.

Total emissions, 2021-2023

Water Consumption	2021	2022	2023
Total water withdrawal m3	139,321,000	99,901,000	146,897,000
Specific Water Consumption Ton Cementitious Production	93.6	64.6	88.5

Table 6. Water consumption, 2021-2023

Our four-pillared environmental management system is structured to encompass all aspects of our business activities, ensuring seamless integration of sustainability considerations into our operations. By embracing this framework, we align our actions with our sustainability objectives, driving meaningful progress towards a greener future.

Amidst our ongoing efforts, continued investment and exploration into alternative fuels and solar power projects in collaboration with Nobel Energy are the focus area. These initiatives highlight our commitment to advancing sustainable practices and furthering our environmental stewardship efforts.

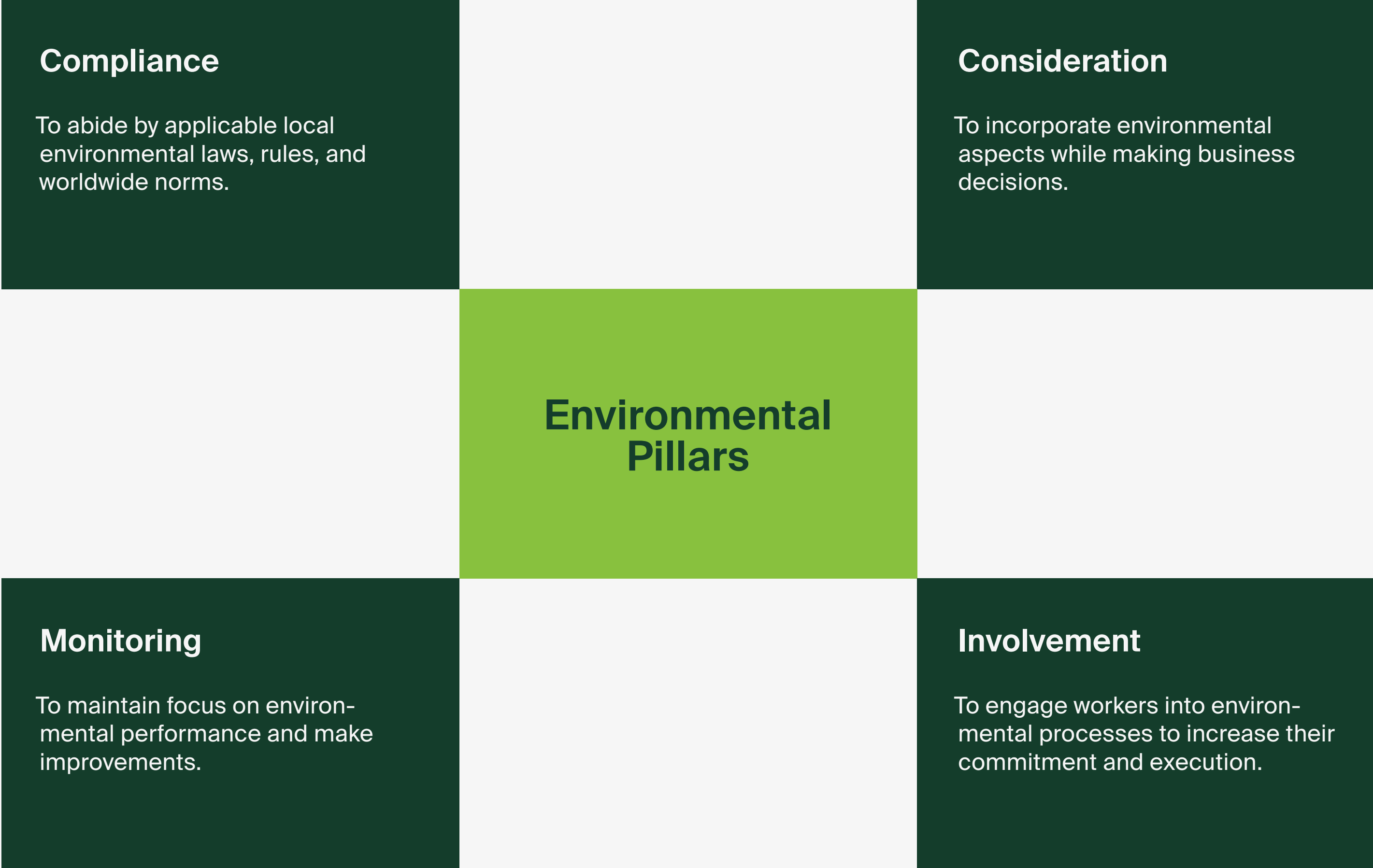


Figure 14. Norm’s Principles of Environmental Management

COLLABORATIVE SUSTAINABILITY INITIATIVES

At Norm, we understand that achieving sustainability requires collaboration. We actively engage stakeholders across sectors to drive meaningful change. Through partnerships and alliances, we harness collective expertise and resources to address environmental challenges. By embracing collaboration, we are committed to a future where environmental stewardship and economic prosperity align.

Our active engagement in industry forums, such as the GCCA, highlights our commitment to environmental stewardship. Participation in recent conferences, such as the one in Thailand with 800 attendees discussing CO₂ reduction initiatives, reflects our dedication to innovative solutions for environmental impact. Additionally, involvement in the United Global Compact has enhanced our environmental management systems and raised awareness among our employees. Through robust training programs, including mandatory HSE courses and optional sessions on sustainability, we foster a culture of environmental responsibility and continuous improvement.

One significant collaboration that emphasizes our commitment to sustainability is the strategic partnership forged with SLB Azerbaijan, a global leader in energy technology with over 25 years of experience in the country. SLB Azerbaijan stands as a pivotal player in the energy sector, facilitating oil and gas projects that involve renowned national and international operating energy companies in Azerbaijan and the broader Caspian region.

One of the outcomes of this collaboration is to enhance Norm's capabilities to produce G-class oil-well cement. This specialized cement is engineered to meet the stringent requirements of the oil and gas industry, adhering to industry standards and certifications such as those set by the API. By partnering with Norm, SLB Azerbaijan gains access to a trusted and certified supplier of G-class cement, ensuring the reliability and performance of cementing operations in oil and gas wells.

The core of SLB's operation lies in the crucial need for high-quality cement in oil and gas well production, ensuring stability and safety. By combining expertise, we enhance efficiency, promote environmental stewardship, and foster economic growth in Azerbaijan and the Caspian region. These initiatives reaffirm Norm's role in driving positive change for a sustainable energy future.



MOTIVE BEHIND CARBON NEUTRALITY

Embracing carbon neutrality within the cement industry can catalyze innovation, drive efficiency, and enhance competitiveness, positioning Norm at the forefront of sustainable practices. By prioritizing investment in clean technologies, renewable energy sources, and sustainable practices, we stand to benefit from reduced operational costs, heightened efficiency, and a distinct advantage in the dynamic marketplace.

Transitioning to carbon neutrality not only ensures longevity and resilience but also aligns with our commitment to modern environmental trends. Norm, the largest cement manufacturer in the South Caucasus, recognizes the impact of cement production on greenhouse gas emissions and climate change. By embracing low-carbon technologies and sustainable practices, we reduce our environmental footprint while strengthening our operations for the future. This strategic shift towards sustainability not only secures our growth and profitability but also meets the expectations of stakeholders for transparency, accountability, and sustainability.

Proactively reducing our carbon footprint enables us to navigate evolving environmental standards with ease, foster lasting partnerships with stakeholders, and contribute to the sustainable development of our region.



Figure 15. Motive to carbon neutrality

REDUCING EMISSIONS

The Company is committed to achieving excellence in our manufacturing operations and continuously optimizing our processes to reduce emissions. We take immense pride in our commitment to sustainability, which is evident in our ability to maintain a focus on reducing CO₂ emissions while at the same time increasing production rates. It is greatly motivating/encouraging for us for us not only meet the demands of increased production, but also in achieve significant reductions in other harmful emissions. Alongside the decrease in CO₂ emissions, we have also managed to substantially reduce the levels of nitrogen oxides, dust, and energy intensity in comparison with last year.

Despite the challenges posed by our growth and increased output, innovative technologies and rigorous efficiency measures are implemented to minimize environmental impact. As we continue our journey towards a greener future, we remain steadfast in our pursuit of excellence and unwavering commitment to reducing our carbon footprint and preserving the environment for future generations.

This year, Norm achieved a notable reduction in specific emissions and energy intensity compared to last year, despite an increase in production rates. Specifically, there was a significant decrease in specific dust emissions and the specific NOx emissions decreased by approximately more than 17%.

Due to the significant increase in production rate, there has been a slight rise in CO₂ emissions per ton of cement. However, upon examining the specific CO₂ emissions per ton of clinker, which serves as the foundational material for cement and accounts for most emissions, it becomes apparent that there has been a decrease in CO₂ emissions per ton of clinker.

Observations reveal reductions in all specific emissions and energy intensity, bringing the Company closer to its carbon neutrality goals and its aim to decrease CO₂ emissions by 7% by 2030.

Emissions and energy intensity, 2021–2023

	2021	2022	2023
Specific Direct Net CO ₂ Emissions kg/ton Cement	563.0	576.0	580.4
Specific Direct Net CO ₂ Emissions kg/ton Clinker	719.1	721.48	720.5
Specific Dust Emission g/ton Cement	169	201	159.7
Specific NOx Emission g/ton Clinker	783.8	880.5	726
Thermal Energy Intensity of production GJ/ton Clinker	3.23	3.27	3.19

Table 7. Emissions and energy intensity, 2021-2023

JOURNEY TO CARBON NEUTRALITY

Over the past decade, Norm has pursued an ambitious strategy aimed at expanding our market presence while concurrently upholding our commitment to environmental practices. This dual focus has propelled us to offer a diverse array of cement products tailored to meet the evolving demands of our customers, all while remaining dedicated to sustainability. Guided by our strategic approach, we meticulously analyze and monitor our cement production processes, ensuring strict adherence to regulatory standards. This unwavering dedication has not only driven significant advancements in our manufacturing operations but has also underscored our commitment to sustainability.

Central to our strategy is the pursuit of a net-zero journey, which encompasses three key pillars. Firstly, we prioritize investing in established and efficient decarbonization methods to effectively reduce our carbon footprint. These decarbonization methods include WHR technology, working on alternative fuel projects, like the Solar Energy Project with Nobel energy, and actively implementing artificial intelligence (AI) technologies.

Norm has been implementing various technologies to maximize the efficiency and maintain sustainability of its processes since the inception of the Company in 2013, including AI technologies. This resulted in effective process management, more precise predictive analysis methods, and efficient maintenance monitoring. All of these factors contribute to enhancing the Company’s performance.

We Intend to reduce our energy consumptions by 14.9% and our CO₂ emission by 7% till 2023.

Henning Sasse
Norm’s CEO

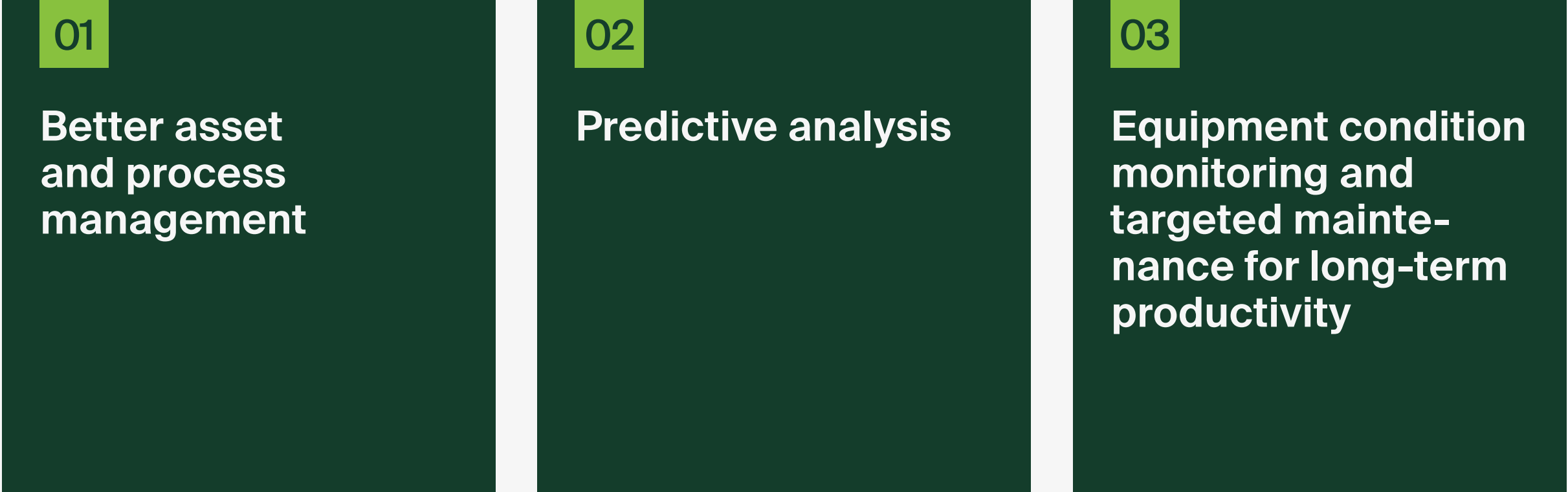


Figure 16. Advantages of implementing AI technologies

Norm's main targets

Secondly, we emphasize the importance of raising awareness among both our employees and the wider public by conducting trainings for our employees and public events regarding sustainable practices and environmental conservation efforts. Lastly, we are committed to implementing robust waste management strategies to minimize waste generation and promote recycling and reuse initiatives. By strategically executing these pillars, we aim to advance sustainable development and contribute to a greener and more environmentally conscious future.

KPIs	2014 (Base year)	2023 (Current)	2030
Specific Electrical Energy Consumption (kWh/t cement)	108.1	89.8 -16.9%	86 -20.5%
Specific Thermal Energy consumption (MJ/ton clinker)	3,726	3,188 -14,4%	3,290 -11,7%
Alternative Fuel Thermal Substitution rate	N/A	N/A	30%
Clinker factor	81.9%	80.56% -1.6%	70% -14.5%
Specific net CO ₂ Emission (kg CO ₂ /ton cement)	596	580 -2.7%	467 -21.6%
Specific Dust Emission (g/ton clinker)	498	159.7 -67.9%	54 -89.2%
NOx (g/ton clinker)	2,976	726 -75.6%	667.1 -77.6%

Table 8. Norm's main and additional targets

Norm’s additional targets

KPIs	2023 (Current)	2030
Proportion of female employees	11%	15%
Employee Engagement Score	49%	70%
Recruitment of People with disabilities	2%	5%
Sustainability assessment of critical suppliers (% of suppliers)	N/A	100%

Table 8. Norm's main and additional targets

APPROACH TO CARBON NEUTRALITY



Decarbonization technologies

Investing in proven and effective decarbonization technologies.



Awareness

Organizing educational initiatives on environmental awareness for both the public and our staff members.



Waste management

Conducting effective and safe waste management and disposal.

Figure 17. Approach to Carbon Neutrality

MANAGING BIODIVERSITY

We acknowledge that cement manufacturing activities can significantly impact the environment if appropriate measures are not implemented. The majority of those impacts are related to the extraction of limestone, which is a non-renewable raw material for the cement industry. This awareness shapes our approach from the very beginning, starting with the basic design phase, as we progress through the subsequent stages, including engineering, procurement & construction (EPC), and commissioning. Our primary goal is to protect and maintain local biodiversity, ensuring that our operations do not harm the natural habitats and species in the areas where we operate.

Therefore, we follow regulations, updates, and research regarding conservation of the species with “protected” status. This proactive approach allows us to mitigate any potential negative impacts on endangered or vulnerable species and contribute positively to their conservation.

In line with our commitment to environmental responsibility, we to plan to develop a new Environmental Impact Assessment (EIA). This EIA will be aligned with the latest updates to the Red List of Threatened Species, which is maintained by the Azerbaijan National Academy of Sciences.



CIRCULAR ECONOMY

Over this period, we have actively embraced circular economy principles, starting with placing educational posters in our offices to the innovative utilization of waste as an energy source.

We actively implement circular economy practices to ensure resource awareness. This includes projects like WHR, which utilizes lost heat from production. Our commitment to optimal outcomes drives ROMIX efficiency enhancement, notably reducing energy intensity from 3.27 GJ to 3.19 GJ per ton of cement.

Our circular approach emphasizes effective waste management by strictly following regulations. We implement separate collection systems, manage oil disposal through accredited companies, and conduct tenders for metallic waste disposal. We prioritize comprehensive waste management, sorting waste into categories such as administrative, hazardous, non-hazardous, recyclable, and special waste. By Adhering rigorously to our waste management policy, we continually refine practices to ensure compliance with regulations and standards.

We prioritize safe waste transformation, strictly adhering to local laws and internal policies. Waste is categorized into hazardous and non-hazardous forms, both solid and liquid. Through strategic partnerships, we ensure secure transportation, recycling, processing, and disposal. Our waste generation indicators are continuously monitored by the Ministry of Ecology and Natural Resources, demonstrating our commitment to transparent and sustainable practices.

Waste consumption, 2021-2023

	2021	2022	2023
Waste materials, including: tons	914.86	461.45	1,801.31
Non-Hazardous Waste Generated	891.77	410.89	1,685.10
Non-Hazardous Waste Recycled	503.03	—	1,254.27
Non-Hazardous Waste Disposed to landfill	388.74	410.89	431.90
Hazardous Waste Generated	23.09	50.55	116.21
Hazardous Waste Recycled	23.05	—	42.30
Hazardous Waste Disposed to landfill	0.04	50.55	73.90

Table 9. Waste consumption, 2021-2023

The image features a stylized, abstract graphic design. On the left, a large, dark green, semi-circular shape is partially visible. To its right, a white, stylized figure resembling a person with arms raised is composed of several overlapping circles. The top circle is divided vertically into a light green left half and a dark green right half. The bottom circle is divided vertically into a dark green left half and a light green right half. The background is a solid light green color. On the right side, the text "Vision for Future" is written in a bold, dark green, sans-serif font.

**Vision
for Future**

VISION FOR FUTURE

In our vision for the future, we strive for reducing CO₂ emissions by 7% by 2030 and increasing clean energy application. Our current focus now and in near future will be implementation of alternative fuels that will help us to reduce the dependence on fossil fuels and utilize more sustainable sources of energy. Through the organization of impactful charity events, support for communities in need, and the provision of exemplary training, we envision a positive transformation in our society. Our dedication extends to providing equal professional and career opportunities for every member of our team, fostering an inclusive and thriving workplace environment.

Moving forward, we will continue to prioritize initiatives that facilitate a smooth transition to low-carbon technologies, ensuring the safety and well-being of our employees while simultaneously providing fair and equal job opportunities and fostering career growth. We see ourselves as catalysts for change, actively contributing to our country's development and playing a pivotal role in building a sustainable and environmentally friendly future for all.

Aligned with the United Nations Sustainable Development Goals, our vision propels us forward, driving positive change and contributing to a world that is more prosperous, equitable, and sustainable for generations to come. This commitment is supported by our robust Employee Engagement & Retention program, CSR program, and initiatives focused on designing a new onboarding program and rebuilding a strong performance management system, ensuring our HR practices are aligned with our future-focused goals.



Performance Tables

ENVIRONMENT

CO ₂ and Energy indicators	2021	2022	2023
Total Amount of Direct CO ₂ Emissions metric tons/year	1,131,652	1,054,003	1,250,405
Specific Direct Net CO ₂ Emissions kg/ton Cementitious Production	563	576.56	580.4
Specific Direct Net CO ₂ Emissions kg/ton Clinker	719.1	721.48	720.5
GHG emissions intensity in metric tons including:			
CO ₂ emissions per employee tons CO ₂ per employee	3,876	3,597	4,327
Dust			
Total Emission ton/year	264.8	294.19	277.1
Specific Emission g/ton Cement	169.0	201.2	159.7
NOx			
Total Emission ton/year	1,232.60	1,286.30	1,201

Environment

Specific Emission g/ton Clinker	783.8	880.5	726
VOC/THC mg/Nm3	0.061	0.058	0.070
Total Emission kg/year	266.7	238.8	322
Specific Emission g/ton Clinker	0.170	0.163	0.185
Hg ug/Nm3	0.030	0.030	0.030
Total Emission kg/year	0.130	0.123	0.138
Specific Emission mg/ton Clinker	0.083	0.084	0.079
HM1 ug/Nm3	0.044	0.022	0.046
Total Emission kg/year	0.190	0.091	0.211
Specific Emission mg/ton Clinker	0.121	0.062	0.122
HM2 ug/Nm3	2.724	1.791	2.988

Environment

Total Emission kg/year	11.830	7.321	13.730
Specific Emission mg/ton Clinker	7.522	5.012	7.912
SOX ton/year	0.930	0.820	0
Energy consumption	2021	2022	2023
Energy consumption total GJ	5,659,312	5,331,010	6,188,520
Thermal energy consumption GJ	5,073,594	4,735,533	5,532,804
Thermal energy consumption fossil fuels (natural gas) GJ	5,073,594	4,735,533	5,532,804
Electrical energy consumption GJ	585,717	595,477	655,717
Electrical energy consumption per ton of clinker GJ	0.372	0.408	0.378
Electrical energy consumption per ton of cement GJ	0.394	0.385	0.395
Non-renewable electrical energy consumption GJ	585,717	595,477	655,717

Environment

Total natural gas consumption m3	144,564,665	136,248,495	158,389,156
Energy intensity ratio (per employee) GJ	19,381	18,325	21,414
Thermal energy intensity of production GJ per ton clinker	3.23	3.27	3.19
Water Consumption	2021	2022	2023
Total water withdrawal m3	139,321,000	99,901,000	146,897,000
Specific Water Consumption L/ton Cementitious Production	93.6	64.6	88.5
Clinker factor	2021	2022	2023
Average clinker factor, %	78.02%	79.84%	80.56%

Environment

[illegible]

Environment

Raw materials obtained from secondary materials including: %	79%	79%	86%
Alternative raw materials %	0.15%	0.07%	0.04%

Cement and clinker production	2021	2022	2023
Clinker production (tons)	1,572,706	1,460,881	1,735,463
Cement production (tons), including:	1,487,999	1,546,655	1,660,196
Class A	612,003	543,067	595,204
Class B	329,752	210,134	219,610
Class C500	459,104	548,770	609,209
Class S	41,549	58,332	66,055
Class 1	1,522	6,105	4,648
Class L	14,763	1,168	0
Class D	27,823	174,486	143,266

Environment

Class G, HSR type OWC	1,485	4,593	6,464
Class 1A	N/A	N/A	15,146
Class 1E	N/A	N/A	593

SOCIAL

Total number of employees, by gender	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Total number of employees by employment contract	264	28	265	28	259	30
Part-time employees	4	0	4	0	2	0
Full-time employees	260	28	261	28	257	30
Total number of employees by employment type	264	28	265	28	259	30
Permanent employees	219	21	214	18	211	15
Temporary employees	45	7	51	10	48	15
Total number of employees by employment position	264	28	265	28	259	30
Execution position	22	1	21	1	21	1
Specialist position	54	17	55	16	61	22
Technician position	27	4	29	6	22	3
Other position	161	6	160	5	155	4

Social

	2021			2022			2023		
Employee indicators, by age	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	61	217	14	35	246	12	39	241	9
Execution position	0	18	5	0	19	3	0	19	3
Specialist position	13	55	3	8	60	3	24	57	3
Technician position	8	22	1	9	24	2	8	17	1
Other position	40	122	5	18	143	4	7	148	2
Percentage of employees	21%	74%	5%	12%	84%	4%	13%	82%	3%
Number of hires	9	9	1	9	8	0	19	4	0
Number of dismissals	2	18	0	5	10	2	5	21	1

Social

	2021		2022		2023	
Turnover indicators, by gender	Male	Female	Male	Female	Male	Female
Number of employees dismissed	15	5	1	1	1	0
Number of employees who left voluntarily	15	4	10	6	22	4
Total number of new employee hires	16	3	11	6	17	6
Total number of employee turnover	30	9	11	7	23	4
Rate of employee turnover	11%	32%	4%	25%	9%	13%

Training	2021	2022	2023
Average number of training hours	5,382	11,155	5,855

Senior management hired from local communities	2021	2022	2023
Senior management hired, from local communities	1	0	0
Senior management hired, total	1	0	1

Social

	2021		2022		2023	
Parental leave indicators, by gender	Male	Female	Male	Female	Male	Female
Total number of employees that were entitled to parental leave	0	2	0	3	0	2
Total number of employees that took parental leave	0	2	0	3	0	2
Total number of employees that returned to work in the reporting period after parental leave ended	0	1	0	1	0	2
Total number of employees that returned to work after parental leave ended that were still employed 12 month after their return to work	0	0	0	0	1	1

	2021		2022		2023	
Salary indicators, by gender	Male	Female	Male	Female	Male	Female
Entry level salary, AZN	758	758	919	919	962	962
Minimum salary (for Azerbaijan)	300	300	300	300	345	345
Entry level wage/minimum wage, by gender	2.52	2.52	3.06	3.06	2.79	2.79
Ratio of basic male salary to basic female salary	1:1		1:1		1:1	
Average basic salary	817	817	875	875	962	962

Social

Health and safety indicators	2021	2022	2023
Fatality rate, direct employees	0	0	0
Total number of fatalities employees and contractors	0	0	1
Total number of recordable injuries direct employees	3	1	0
Total number of other injuries direct employees	3	2	0
Number of Lost Time Injuries (LTI) direct employees	0	0	0
LTI frequency rate per 1,000,000 hours worked, direct employees	0	0	0
Number of hours worked direct employees	491,627	489,893	485,525
LTI severity rate per 1,000,000 hours worked, direct employees	0	0	0
Number of days lost due to injury/accident direct employees	0	0	0
LTI frequency rate LTIFR, per 1,000 employees, direct employees	0	0	0
Total injury frequency rate per 1,000 employees, direct employees	0	0	0

Social

Health and Safety Training Indicators	2021	2022	2023
Number of conducted OHS training	N/A	N/A	371
Number of employees who received OHS training	N/A	N/A	226
Percentage of employees who received OHS training	N/A	N/A	77.93
OHS training hours	N/A	N/A	1458
Customer Satisfaction	2021	2022	2023
Number of customer complaints	36	28	37
Number of customer complaints related to quality	22	19	22
Number & Percentage of customer complaints resolved (%)	100%	100%	95%

GOVERNANCE

Number of suppliers	2021	2022	2023
Total number of suppliers	551	589	619
Number of local suppliers/contractors	386	428	459
Total number of foreign suppliers	165	158	160
Local suppliers	70%	73%	74%
Foreign suppliers	30%	27%	26%
Share of the procurement budget that is spent on local suppliers/contractors, % of total budget	85%	85%	88%
41Percentage of new suppliers that were screened usingenvironmental criteria	N/A	N/A	5
Number of suppliers assessed for environmental impacts	N/A	N/A	9
Number of suppliers identified as having significant actual and potential negative environmental impacts	N/A	N/A	0
Percentage of new suppliers that were screened using social criteria	N/A	N/A	0

Governance

Number of suppliers assessed for social impacts	N/A	N/A	0
Number of suppliers identified as having significant actual and potential negative social impacts	N/A	N/A	0

Procurement budget	2021	2022	2023
Total procurement budget, thsd AZN	116,763	143,818	175,922
Procurement budget that is spent on localsuppliers/contractors, thsd AZN	98,908	121,542	154,094
Share of the procurement budget that is spent on local suppliers/contractors (%)	81%	85%	88%


Economic Indicators	2021	2022	2023
Total assets	299,056	307,702	330,382
Total capitalization	299,056	307,702	330,382
Total revenues	170,864	203,633	226,001
Economic value distributed	142,467	164,159	173,361
Operating expenses	123,150	144,574	158,350

Governance

Employee wages and benefits	18,058	19,378	21,921
Payments to the state budget, including	11,691	15,144	18,271
Income tax	8,147	11,531	14,318
Property tax	1,257	1,018	992
Withholding tax	128	192	259
Land tax	238	370	370
SSPF charges	1,921	2,033	2,332
Community investments, including	5,574	2,825	2,121
Contributions to charities, NGOs and research institutes (unrelated to the organization's commercial research and development)	5,574	2,825	2,121
Other expenses	2,052	1,616	-5,381
Economic value retained	28,397	39,474	52,640

Governance

Governance Indicators	2021	2022	2023
Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations (USD)	N/A	N/A	0
Total number of significant instances of non-compliance with laws and regulations, including:	0	0	3
Instances for which fines were incurred	N/A	N/A	3
Instances for which non-monetary sanctions were incurred	N/A	N/A	0
The total monetary value of fines for instances of non-compliance with laws and regulations that were paid during the reporting period (USD)	N/A	N/A	726



GCCA - Performance Tables

GCCA - PERFORMANCE TABLES

Area of assessment	KPI	Covered	Amount	Unit
CO ₂ and energy	Total direct CO ₂ emissions- gross	Yes	1,250,405	metric tons/ year
	Total direct CO ₂ emissions- net	Yes	1,250,405	metric tons/ year
	Specific CO ₂ emissions- gross	Yes	580.4	kg per ton cementitious production
	Specific CO ₂ emissions- net	Yes	580.4	kg per ton cementitious production
Emissions from cement manufacturing	PM	No	N/A	N/A
	NOx	Yes	1,200	tones/year
	SO2	No	—	mg/Nm3
	VOC/THC	Yes	0.07	mg/Nm3
	PCDD/F	No	—	Ng TEQ/Nm3
	Hg	Yes	0.03	ug/Nm3
	HM1	Yes	0.046	ug/Nm3
	HM2	Yes	2.988	ug/Nm3

Safety	Fatality rate, directly employed	Yes	0	%
	Number of fatalities (directly employed,contractors/subcontractors, third-parties	Yes	1	number
	LTI frequency rate, directly employed	Yes	0	%
	LTI frequency rate, contractors and sub-contractors (on-site	No	-	%
	LTI severity rate, directly employed	Yes	0	%
Water	Water consumption	Yes	146,897,000	m3/ per year
	Amount of Water consumption per unit of product	No	-	Liter/per ton cement
Fuels and Raw materials	Alternative fuel rate (klin fuels)	No	-	%
	Biomass fuel rate (klin fuels)	No	-	%
	Specific heat consumption for clinker production	No	-	GJ/t clinker
	Alternative Raw Materials rate (% ARM)	Yes	0.04	%
	Clinker/cement (equivalent) factor	Yes	80.6	%
Quarry rehabilitation and biodiversity	Percentage (%) of quarries with high biodiversity value where biodiversity management plan is implemented	No	-	%
	Percentage (%) of quarries where rehabilitation plan is implemented	No	-	%

GRI Index

GRI INDEX

	Disclosure	Status	Location/Comment
General disclosures			
GRI 2: General Disclosures 2022	2-1 Organizational details	Disclosed	Scope and boundaries
	2-2 Entities included in the organization’s sustainability reporting	Disclosed	Scope and boundaries
	2-3 Reporting period, frequency and contact point	Disclosed	Scope and boundaries
	2-4 Restatements of information	Disclosed	Throughout the Report
	2-5 External assurance	Disclosed	Independent Assurance Statement
	2-6 Activities, value chain and other business relationships	Disclosed	Governance: Leading with Integrity
	2-9 Governance structure and composition	Disclosed	Governance: Leading with Integrity
	2-10 Nomination and selection of the highest governance body	Not disclosed	
	2-11 Chair of the highest governance body	Disclosed	Governance: Leading with Integrity
	2-12 Role of the highest governance body in overseeing the management of impacts	Partially disclosed	Governance: Leading with IntegritySocial: Nurturing Relationships
	2-13 Delegation of responsibility for managing impacts	Disclosed	Governance: Leading with Integrity

	Disclosure	Status	Location/Comment
GRI 2: General Disclosures 2022	2-14 Role of the highest governance body in sustainability reporting	Disclosed	Governance: Leading with Integrity
	2-15 Conflicts of interest	Partially disclosed	Stakeholder Engagement
	2-16 Communication of critical concerns	Disclosed	Stakeholder Engagement
	2-17 Collective knowledge of the highest governance body	Partially Disclosed	Governance: Leading with Integrity
	2-18 Evaluation of the performance of the highest governance body	Not disclosed	
	2-19 Remuneration policies	Not disclosed	
	2-20 Process to determine remuneration	Not disclosed	
	2-21 Annual total compensation ratio	Not Disclosed	This information isnot disclosed as it istreated as confidential to the Company
	2-22 Statement on sustainable development strategy	Disclosed	Letter of the CEO
	2-23 Policy commitments	Disclosed	Throughout the Report
	2-24 Embedding policy commitments	Disclosed	Throughout the Report
	2-25 Processes to remediate negative impacts	Partially disclosed	Throughout the Report
	2-26 Mechanisms for seeking advice and raising concerns	Partially disclosed	Governance: Leading with Integrity
	2-27 Compliance with laws and regulations	Disclosed	Throughout the Report

	Disclosure	Status	Location/Comment
GRI 2: General Disclosures 2022	2-28 Membership associations	Disclosed	Throughout the Report
	2-29 Approach to stakeholder engagement	Disclosed	Stakeholder Engagement
	2-30 Collective bargaining agreements	Not disclosed	

Material topics

GRI 3: Material Topics 2021	3-1 Process to determine material topics	Disclosed	Material priorities
	3-2 List of material topics	Disclosed	Material priorities

Economic performance

GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	Material priorities
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Disclosed	Financial Performance
	201-2 Financial implications and other risks and opportunities due to climate change	Partially disclosed	Environmental: Pioneering Sustainability
	201-3 Defined benefit plan obligations and other retirement plans	Not disclosed	Regulated according to the Labor of Conduct of the Republic of Azerbaijan
	201-4 Financial assistance received from government	Not disclosed	

Disclosure		Status	Location/Comment
Market presence			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Disclosed	Performance Tables
	202-2 Proportion of senior management hired from the local community	Disclosed	Performance Tables
Indirect economic impacts			
	203-1 Infrastructure investments and services supported	Disclosed	Community Involvement
	203-2 Significant indirect economic impacts	Disclosed	Sustainable Development Goals Social: Nurturing Relationships
Procurement practices			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Disclosed	Performance Tables
Anti-corruption			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Partially Disclosed	Governance: Leading with Integrity
	205-2 Communication and training about anti-corruption policies and procedures	Disclosed	Ethical Business Conduct and Transparency
	205-3 Confirmed incidents of corruption and actions taken	Disclosed	No such incidents have been recorded.

Disclosure		Status	Location/Comment
Anti-competitive behavior			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Disclosed	No such anti-competitive behavior related incidents occurred during reporting.
Tax			
GRI 207: Tax 2019	207-1 Approach to tax	Partially disclosed	Financial Performance
	207-2 Tax governance, control, and risk management	Not disclosed	
	207-3 Stakeholder engagement and management of concerns related to tax	Partially disclosed	Stakeholder engagement
	207-4 Country-by-country reporting	Not disclosed	Data is not globally disclosed
Materials			
	301-1 Materials used by weight or volume	Disclosed	Performance Tables
	301-2 Recycled input materials used	Disclosed	Circular Economy
	301-3 Reclaimed products and their packaging materials	Not disclosed	

	Disclosure	Status	Location/Comment
Energy			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Disclosed	Performance Tables
	302-2 Energy consumption outside of the organization	Not Disclosed	
	302-3 Energy intensity	Disclosed	Environmental: Pioneering Sustainability
	302-4 Reduction of energy consumption	Disclosed	Environmental: Pioneering Sustainability
	302-5 Reductions in energy requirements of products and services	Not disclosed	

Water and effluents			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Partially Disclosed	Environmental: Pioneering Sustainability
	303-2 Management of water discharge-related impacts	Not disclosed	The Company is actively working on plans and efforts to disclose it in future
	303-3 Water withdrawal	Disclosed	Environmental: Pioneering Sustainability
	303-4 Water discharge	Disclosed	Environmental: Pioneering Sustainability
	303-5 Water consumption	Disclosed	Environmental: Pioneering Sustainability

Disclosure		Status	Location/Comment
Biodiversity			
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	Not Disclosed	The Company has initiatives to develop Environmental Impact Assessment that will be aligned with latest updates
	304-2 Significant impacts of activities, products and services on biodiversity	Partially Disclosed	Managing biodiversity
	304-3 Habitats protected or restored	Not disclosed	The Company has initiatives to develop Environmental Impact Assessment that will be aligned with latest updates
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not disclosed	The Company has initiatives to develop Environmental Impact Assessment that will be aligned with latest updates
Emissions			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Disclosed	Environmental: Pioneering Sustainability
	305-2 Energy indirect (Scope 2) GHG emissions	Disclosed	Environmental: Pioneering Sustainability
	305-3 Other indirect (Scope 3) GHG emissions	Not Disclosed	
	305-4 GHG emissions intensity	Disclosed	Reducing emissions
	305-5 Reduction of GHG emissions	Disclosed	Reducing emissions
	305-6 Emissions of ozone-depleting substances (ODS)	Not disclosed	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Disclosed	Environmental: Pioneering Sustainability

	Disclosure	Status	Location/Comment
Waste			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Disclosed	Circular Economy
	306-2 Management of significant waste-related impacts	Disclosed	Circular Economy
	306-3 Waste generated	Disclosed	Circular Economy
	306-4 Waste diverted from disposal	Not disclosed	
	306-5 Waste directed to disposal	Not disclosed	
Supplier environmental assessment			
	308-1 New suppliers that were screened using environmental criteria	Disclosed	Responsible Procurement
	308-2 Negative environmental impacts in the supply chain and actions taken	Not disclosed	
Employment			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Disclosed	Performance Tables
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Disclosed	All employees regardless their contract type receive the same benefits
	401-3 Parental leave	Disclosed	Performance Tables

Disclosure		Status	Location/Comment
Labor/management relations			
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Not disclosed	
Occupational health and safety			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Disclosed	Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Disclosed	Health and Safety
	403-3 Occupational health services	Disclosed	Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Disclosed	Health and Safety
	403-5 Worker training on occupational health and safety	Disclosed	Health and Safety
	403-6 Promotion of worker health	Disclosed	Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Disclosed	Health and Safety
	403-8 Workers covered by an occupational health and safety management system	Disclosed	Health and Safety
	403-9 Work-related injuries	Disclosed	Health and Safety
	403-10 Work-related ill health	Disclosed	Health and Safety

Disclosure		Status	Location/Comment
Training and education			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Not Disclosed	
	404-2 Programs for upgrading employee skills and transition assistance programs	Disclosed	Talent Development
	404-3 Percentage of employees receiving regular performance and career development reviews	Not Disclosed	
Diversity and equal opportunity			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Disclosed	Diversity and Inclusion
	404-2 Programs for upgrading employee skills and transition assistance programs	Disclosed	Performance Tables
Non-discrimination			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Disclosed	No such incidents occurred during the reporting period
Freedom of association and collective bargaining			
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	Disclosed	No such operations have been identified during the reporting period

Disclosure		Status	Location/Comment
Child labor			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Disclosed	No such operations have been identified during the reporting period
Forced or compulsory labor			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Disclosed	No such operations have been identified during the reporting period
Security practices			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Not Disclosed	
Rights of indigenous peoples			
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Disclosed	No such incidents have been reported
Local communities			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Disclosed	Community Involvement
	413-2 Operations with significant actual and potential negative impacts on local communities	Disclosed	No such operation have been identified

Disclosure		Status	Location/Comment
Supplier social assessment			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Not Disclosed	
	414-2 Negative social impacts in the supply chain and actions taken	Not disclosed	
Public policy			
GRI 415: Public Policy 2016	415-1 Political contributions	Not disclosed	
Customer health and safety			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Not Disclosed	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Disclosed	No such incidents have been reported during the reporting year

Disclosure		Status	Location/Comment
Marketing and labeling			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Not disclosed	
	417-2 Incidents of non-compliance concerning product and service information and labeling	Disclosed	No such incidents have been recorded during the reporting year
	417-3 Incidents of non-compliance concerning marketing communications	Disclosed	No such incidents have been recorded during the reporting year
Customer privacy			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not Disclosed	



Assurance Statement



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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 2023 Annual Sustainability Report (“the Report”) for the period from 1 January 2023 to 31 December 2023:

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 accuracy of selected data presented in the Report prepared in accordance with the requirements of Global Reporting Initiative (“GRI”) Sustainability Reporting Standards for the period from 1 January 2023 to 31 December 2023.

Assurance procedures and roles

We carried out limited assurance on the accuracy of the following data related to 2023 years and included in 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 requirements of GRI Sustainability Reporting Standards as stated on “About the Report” subsection of the Report.

Our key assurance procedures

To achieve limited assurance, the Standard 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 error, 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 conclusion, 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;
- 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 the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

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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 conclusion we have formed.

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

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's 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 Audit 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, due care, confidentiality, and professional behavior.

Deloitte applies the International Standard on Quality Control Management 1 (ISQM 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

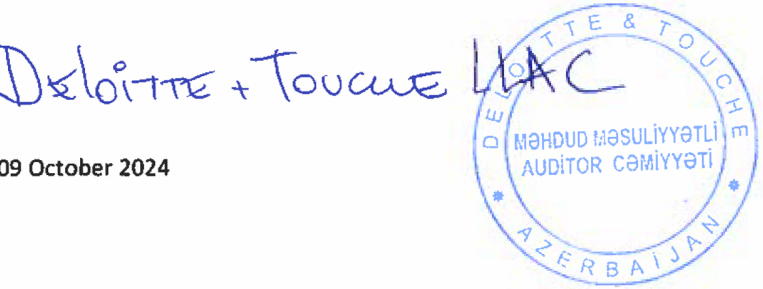
We have been engaged by the Company to perform limited assurance procedures on the accuracy of the following key performance data of the 2023 reporting year included in the Report:

Employees	<ul style="list-style-type: none">Total number of employeesTotal number of employees by gender, maleTotal number of employees by gender, femaleHired employeesNumber of dismissed employeesEmployee turnover rateNumber of permanent employeesNumber of temporary employeesNumber of full-time employeesNumber of part-time employees

Health and safety	<ul style="list-style-type: none">Number of hours worked, direct employeesTotal number of fatalities, direct employees and contractorsTotal number of recordable injuries, direct employeesNumber of lost time injuries (LTI), direct employeesNumber of days lost due to injury/accident, direct employeesLTI frequency rate (per 1,000,000 hours worked), direct employeesLTI severity rate (per 1,000,000 hours worked), direct employees
Greenhouse gas	<ul style="list-style-type: none">Total amount of direct CO2 emissionsSpecific direct CO2 emissions
Emissions into atmosphere	<ul style="list-style-type: none">Total dust emissionsTotal NOx emissions
Waste	<ul style="list-style-type: none">Non-hazardous waste generatedNon-hazardous waste disposed to landfillsNon-hazardous waste recycledHazardous waste generatedHazardous waste disposed to landfillsHazardous waste recovered
Water consumption	<ul style="list-style-type: none">Total water withdrawal
Energy	<ul style="list-style-type: none">Electrical energy consumptionTotal natural gas consumption
Supply chain	<ul style="list-style-type: none">Total number of suppliersNumber of local suppliersShare of the procurement budget that is spent on local suppliers/contractorsProcurement 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 non-financial performance data, which we were engaged to provide limited assurance on, as specified in the “Roles and responsibilities” section above, are materially misstated.



09 October 2024

We value recommendations and comments from our stakeholders, and we are open to any suggestions that would help improve our report and performance.

Contact person for suggestions:

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