



Heidelberg Materials Northern Europe

Human rights statement 2023

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Human rights statement

Message from the CEO

The world needs smart, sustainable, and resilient infrastructure, buildings, and public spaces. Challenges like climate change, biodiversity and resource limitations mean that the production and use of heavy building materials must evolve. At Heidelberg Materials, we are transforming our business to address these challenges, and are placing sustainability at the core of what we do.

We are committed to ensure that this transformation is a just transition. That means, for example, that we will work hard to ensure that our Carbon Capture projects at our cement plants in Brevik and Slite which, when operational, will capture up to 2.2 million tons of carbon dioxide every year, do not come at the expense of the human rights of workers or local communities.

For us, being entrepreneurial does not just mean delivering outstanding economic performance. We also aim to act in an ecologically and socially responsible manner. This self-image shapes our sustainability and human rights strategy, our Sustainability Commitments 2030 and our path to CO₂ neutrality.

Therefore, we welcome legislative initiatives, such as the Norwegian Transparency Act, the German Supply Chain Due Diligence Act and the EU proposal for a Corporate Sustainability Due Diligence Directive, that promote respect for human rights and aim to create accountability for companies who choose to look the other way when it comes to their adverse effect on people and the planet. We believe that these initiatives will create the much needed drive that will enable companies like Heidelberg Materials to, through close collaborations with stakeholders and business relations, find solutions to the common issues present in our markets and sector.

This Human Rights Statement describes our human rights approach and outlines our identified salient risks and adverse impacts, the measures we undertake to address these, and areas we will be working on to evolve to increase our effectiveness. By doing so, we hope to promote transparency and demonstrate our firm commitment to ensure the full respect for human rights throughout our value chain.



Human rights statement

Introduction

Only our Norwegian companies are required to account for their human rights due diligence efforts pursuant to the Norwegian Transparency Act. However, we have voluntarily, in the interest of transparency, chosen to extend the scope of this Human Rights Statement to include all the companies that are part of the Heidelberg Materials Northern Europe (“HMNE” and/or “we”) operative region.

To that end, we will in Chapter I describe HMNE as an operative region and how our business is structured across four main business lines. In Chapter II, we will outline the HMNE human rights approach and governance structure and in Chapter III we account for our identified salient risks and adverse impacts, the measures we undertake to address these, and areas we will be working to evolve to increase our effectiveness.

The Norwegian companies for which this Human Rights Statement has been approved by the board of directors as their annual account of due diligence pursuant to the Norwegian Transparency Act are:

- Heidelberg Materials Norway AS
- Heidelberg Materials Betong Norge AS
- Heidelberg Materials Prefab Norge AS
- Heidelberg Materials Tilslag Norge AS
- Heidelberg Materials Sement Norge AS
- Heidelberg Materials Miljø AS
- Norsk Stein AS
- Sola Betong AS



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Chapter I

Our business

1. Introduction

HMNE, an operative region under the Heidelberg Materials Group umbrella with its own staffing functions and general manager, operates in seven countries (Sweden, Norway, Denmark, Estonia, Latvia, Lithuania and Iceland) across four different business lines: Cement, Aggregates, Ready-mixed Concrete (RMC) and Precast Products (Precast). We also have some operations in France, Germany, Netherlands, Poland and United Kingdom.

In addition to our four business lines, HMNE owns Heidelberg Materials Miljø AS which receives and processes hazardous waste into alternative fuels for use in our cement plants.

Heidelberg Materials Group is also the majority shareholder in the Mibau Stema Group. Mibau Stema Group is not part of the Heidelberg Materials brand but is under the operative responsibility of HMNE and thus included in the scope of this report. However, please note that the Mibau Stema Group is not party to the Heidelberg Materials net-zero commitment or the Heidelberg Materials Sustainability Commitments 2030.

Further, Heidelberg Materials Northern Europe AB, through subsidiaries, formally owns, whole or in-part, several building materials companies operating in different African countries. These companies are not part of HMNE operative region and are thus not included in the scope of this report. Instead, these companies are part of the Africa Eastern Mediterranean Basin (AEM) region operated under the oversight of Heidelberg Materials AG, the Heidelberg Materials Group's parent company.

This does not mean that these companies are in any way neglected when it comes to identifying and addressing their human rights risks and impact. The AEM region, with the support from Heidelberg Materials, have identified several risks, for example unfair wages, inequality in employment, and land rights issues that they are working to address through detailed risk assessments and effective mitigating actions.

For further information on how our business is structured, including details of the activities undertaken in the various parts of our business, please see our websites and the annual report for Heidelberg Materials AG.

Heidelberg Materials Group

Heidelberg Materials Group (HM Group) is one of the world's largest integrated manufacturers of building materials and solutions, with leading market positions in cement, aggregates, and concrete. HM Group are represented in over 50 countries with more than 51,000 employees at almost 3,000 sites.

At the centre of HM Group's actions lie the responsibility for the environment. As the forerunner on the path to carbon neutrality and circular economy in the building materials industry, HM Group are working on sustainable building materials and solutions for the future. HM Group enable new opportunities for HM Group's customers through digitalisation.

1.1 Cement

In Sweden and Norway, we are the leading producer of cement. Cement is a finely milled mineral powder consisting of the raw materials limestone, clay, marl and certain additives. Mixed with water, cement serves as an adhesive to bind sand, gravel, and hard rock in concrete, which is the world's most essential building material.

The cement production requires the excavation of large quantities of limestone which then, together with the other raw materials are burned in a kiln where a chemical reaction takes place that creates cement. The cement is then stable and can be sold in bulk.

1.2 Aggregates

We produce different aggregate materials in Norway, Sweden, Estonia, Lithuania and Iceland. Aggregates are the most mined material in the world and can be subdivided into the categories: natural stone aggregates (sand and gravel) and crushed aggregates (stone chippings and crushed stones). The aggregates we extract and produce are generally available in the form of a homogeneous bulk product.

Aggregates can be used for many purposes. For example, aggregates are a necessary component of composite materials such as concrete and asphalt, but it can also be used for drainage purposes or as the base material under a foundation.

1.3 Ready-mixed Concrete (RMC)

In all the countries where we operate, we provide RMC services to businesses and private individuals. We mix the concrete components at our plants and either deliver the concrete directly to where it is needed or let our customers pick it up themselves.

The concrete business is time sensitive. Both in terms of production, the wet concrete has a short shelf-life (a couple of hours), and in terms of when the concrete is needed by our customers. A short delay in our deliveries can cause huge delays in our customers' constructions projects.

1.4 Precast

Precast produces concrete elements and steel structures that are used for housing, office buildings, parking garages, public buildings, and industrial buildings as well as tanks, sleepers for railway systems and different construction projects. The elements and structures are created at our plants after the detailed measurements and requested characteristics provided by our customers.

We have precast plants in Sweden, Norway, Denmark, Iceland and Latvia.



Chapter II

Human rights and Heidelberg Materials Northern Europe

1. Commitment to respect human rights

Our core belief is that respecting human rights and contributing to a clean, healthy and sustainable environment is the best basis for developing our business. We consider respect for human rights and to identify and address adverse impacts to be a minimum standard for conducting business with legitimacy.

The United Nations Sustainable Development Goals (SDG) shape Heidelberg Materials Group's strategy and sustainability commitments. Our Sustainability Commitments 2030 support our vision to build a more sustainable future that is net-zero, safe and inclusive, nature positive, circular and resilient.

We have for many years expressed a clear commitment to respect human rights in our Code of Business Conduct which is applicable for the entire HM Group. Further, Heidelberg Materials Group has since 2018 been a member of the UN Global Compact.

During 2023, HMNE have developed a standalone Human Rights Policy, adopted by the relevant board of directors, whereby we commit to adhere to the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises (OECD Guidelines) and further outline our firm commitment to respect all internationally recognised human rights, including those set out in the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Labour Organization's core conventions. These include the rights necessary for decent working conditions: including the right to a living wage and the right to a safe and healthy work environment.

We acknowledge that vulnerable groups, such as women, children, refugees, indigenous peoples, young workers, migrant workers, disabled persons, elderly persons, members of the LGBTQI+ community and other minority groups may require our special consideration to ensure that we do not adversely affect their equal and effective enjoyment human rights in relation to our operations and value chains.

We are further committed to being open about our risks, efforts, challenges, and progress through various means of reporting and transparency. Such means may for example include this statement, stakeholder dialogue, and communicating progress directly to our affected stakeholders.

Expectations on business partners

Our commitment to respect human rights extends to our own operations as well as those that are part of our value chain to the extent directly linked to our operations, products and services. Therefore, we expect our suppliers, sub-contractors, business partners, and other business relations to share our commitment to respect all internationally recognized human rights and to deliver on their commitment by conducting their business in accordance with the UNGPs and the OECD Guidelines.

This means, to act in ways that meet fundamental human rights and environmental responsibilities as well as address human rights and environment-related violations that they may cause or contribute to.

2. Human rights governance

The ultimate responsibility for upholding our commitments lies with our board of directors which has delegated the responsibility of implementation to the daily management. We are strengthening the board’s involvement in our salient Human Rights issues. Our goal is that the board of directors shall, informed by the views of affected stakeholders and advised by human rights expertise, be kept engaged in our severe human rights risks and impacts.

Our operations teams are responsible for implementing our human rights policy commitment. Our Human Rights Coordinator, with the support of Legal & Compliance, is tasked with coordinating our human rights efforts and ensuring that we have adequate policies and processes in place. However, due to the overarching nature of human rights, other support functions and departments are responsible for ensuring we have adequate processes in place with respect to specific aspects of our human rights policy commitment. For example, Environmental Social Governance (ESG) leads our environment and climate work, Health & Safety our health and safety efforts, and so on.

In order to ensure a close and effective cooperation, we have set up a Human Rights Task Force that includes the following roles.

- Human Rights Coordinator
- Head of Legal & Compliance
- Head of ESG
- Head of Health & Safety
- Head of Procurement
- Head of Communications
- Head of Human Resources

The task force convenes quarterly in plenum and ad hoc as needed. Further, all of our employees have an explicit responsibility to contribute to our goal to respect human rights within their area of responsibility. This includes contributing to an inclusive, tolerant, and respectful workplace, where people can freely speak up without fear of threats, intimidation, or other forms direct or indirect punishment, and speaking up if they believe that we, or someone in our value chain, is causing or driving human rights risk and/or adverse impacts.

Capacity building

We are continuously working to build our internal capacity and evolve our understanding of the human rights issues we face and how to best address them.

During 2022/2023, HMNE offered all employees with an email address to attend a business and human rights training session during work hours. More than 1000 of our employees attended.

Going forward, and as part of the mandatory training program for all employees, Heidelberg Materials is in the process of creating and rolling out a human rights course that has to be repeated every two years.

Further, we continuously provide specialised trainings to our employees based on the requirement of their roles. For example, during 2022/2023 we held several trainings and workshops for our Procurement colleagues relating to responsible procurement.

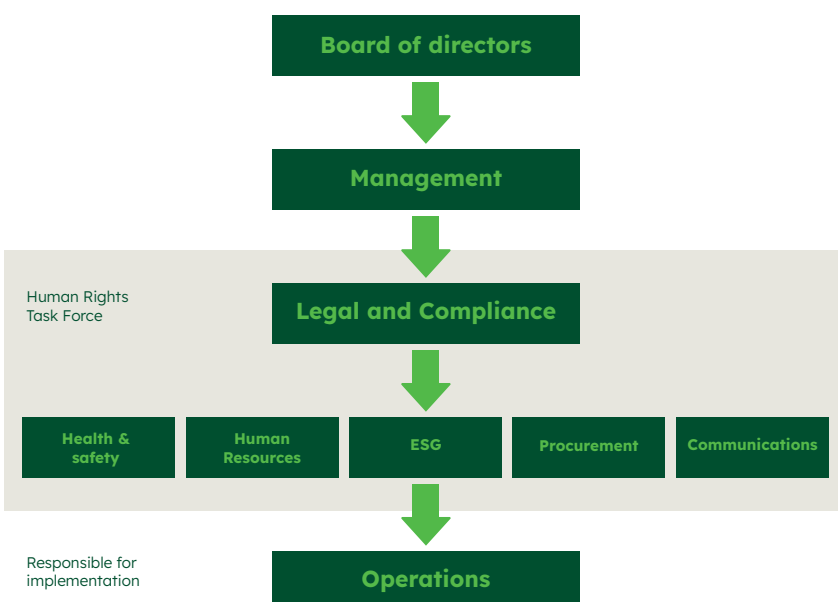


Figure 1.

3. Assessing and addressing human rights risks

Based on our commitment to respect human rights in accordance with the UNGP and the OECD Guidelines, we work to assess and prioritise for action our salient human rights issues. The objective of our risk assessments is to identify the human rights and the people which we are at risk of impacting most severely. Our current identified salient human rights issues are described in chapter III of this statement.

We generally assess identified human rights risks based on how harmful the potential impact would be, how many people would be affected, and whether impacted individuals can be remediated. To help us prioritise further, we generally consider the likelihood that the risks will materialise, based on the nature of the operating context, business activity, and business relationship, the presence of vulnerable groups, and the robustness of existing mitigating measures.

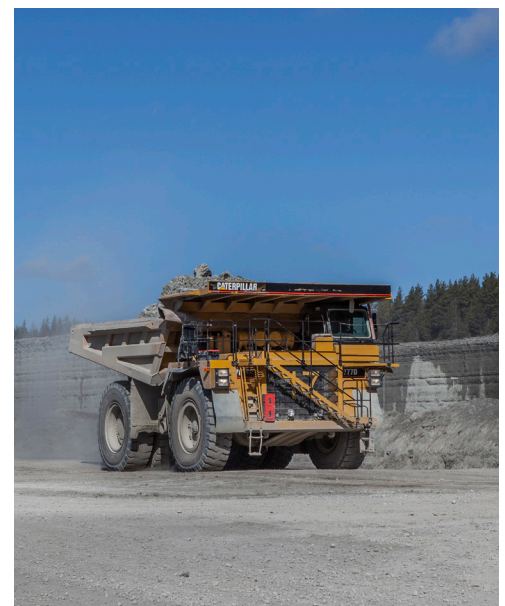
We are in the process of developing action plans for our salient issues that include clearly defined timelines for actions, qualitative and quantitative indicators for measuring effectiveness, and to designate employees as responsible for the implementation of identified actions.

Where we have identified actual adverse impacts, we will seek ways to ensure that impacted individuals are remediated, based on international good practice and in line with recognised international human rights due diligence frameworks and guidelines.

4. Grievance channels

Today, we have in place a case management system where all reported compliance cases are documented. Complaints can be reported by any person through different channels, such as emails, phone calls, the direct superior, the compliance team, and our whistleblowing channel (SpeakUp). As an additional tool to make us aware of any human rights risks and adverse impacts caused or connected to our business, SpeakUp is publicised on the intranet, internet, and at various locations using informative posters ensuring its accessibility to people outside the organisation. An anonymous reporting possibility exists in SpeakUp. The receipt of the information is confirmed to the reporting person. The processing of the information and the discussion of the facts with the reporting individuals is carried out by impartial, independent people who are bound to secrecy. It is our aim to provide a channel available to both our employees and external stakeholders where they can speak up about human rights issues without fear of threats, intimidation, or other forms of reprisals.

For operational level grievance mechanisms based on engagement and dialogue, we have the community engagement plans. Plant or site management teams are generally responsible for entering into dialogue with local communities regarding the issues that are critical to them. Members of the management board, human rights team, and representatives of essential functions of business regularly hold management dialogues and information sessions with our employees about our targets, measures, and strategies for climate protection along with other environmental issues, as well as the occupational safety of our employees and contractual partners, aspects of corporate governance, and respect for human rights. As a matter of principle, we respond transparently to all requests from non-governmental organisations, interest groups and investors.



5. Stakeholder engagement

In view of the strong local focus of our business operations, we can only be successful in the long term if we maintain good cooperative relationships with the various stakeholders in society. We are committed to a dialogue based on trust with all such relevant groups – at a local, national, and international level. The resulting exchange of ideas and opinions help us identify critical issues at an early stage and gain greater acceptance for our activities.

Plant or site management teams are generally responsible for the relationship with the communities we are part of. We aim to reconcile the interests of the company with those of the local communities. The concerns of our local stakeholders vary by location. In general, community members ask whether they can visit our plants or ask for some specific information related to our operations. Stakeholders also raise reservations regarding imminent modernisation and expansion measures as well as complain about noise and dust pollution from our plants and quarries. We respond promptly to complaints and provide transparent information wherever possible and practical in order to address uncertainties and misgivings. We also involve local stakeholders at an early stage when planning investment projects, such as by setting up contact offices, holding information and discussion events.

On a global level, the cement and concrete sector agreed to net-zero carbon emissions by 2050 as laid out by the Roadmap of the Global Cement and Concrete Association (GCCA) published in June 2021. GCCA members account for 80 per cent of the global cement industry volume outside of China and also include several large Chinese manufacturers. Thus, the GCCA Roadmap serves as a reference for climate advocacy in national trade associations where no such roadmap is yet in place. Being a founding member of this association, Heidelberg Materials supports this roadmap in its climate advocacy.

Dialogue with non-governmental organisations

As a matter of principle, we respond in a transparent manner to all requests from non-governmental organisations and interest groups. We also take critical questions as opportunities for dialogue and to inform people about our sustainability activities. The society-wide debate on climate change remained engaging in the past year. This discussion is something we generally welcome, because, as an energy-intensive company in the building materials industry, we have particular responsibility towards the environment.



Chapter III

Human rights due diligence

1. Introduction**1.1 Our business**

The building materials we provide, whether it is bulk cement, aggregates, ready-mix concrete or concrete elements, are based on raw materials extracted in the Nordics or the Baltics that are then treated and produced in the same countries. Further, almost all our customers are located in the countries we operate in, as is the majority of our direct suppliers. That being said, we have long recognised the importance of conducting our business in a way that does not adversely impact people or the planet and have for decades taken extensive measures to limit such impact, especially in the areas of health and safety for our workers and our environmental and climate impact where we have longstanding dedicated staff functions responsible for leading such work.

1.2 General Human Rights Risk Assessment

To identify human rights risks and adverse impacts caused or driven by our business in general, we have performed an initial Human Rights Risk Assessment (HRRRA). The framework for the HRRRA was developed together with both external legal advisors with expertise in the field of business and human rights as well as external human rights experts. The risk assessment was conducted through three steps: (i) desktop research on country and sector risks, (ii) interviews with management, head of functions and other relevant employees, and (iii) interviews with contracted workers at one of our sites. The interviews with contracted workers were held by a business and human rights consulting firm who are globally leading on worker voice, and focused on recruitment processes, terms of employment, and working conditions.

The most salient risks and impacts identified by the HRRRA relate to human rights impacts from our environmental and climate footprint, health and safety at our sites, and working conditions in parts of our supply chain.



2. Human rights impact from our environmental and climate footprints

2.1 Introduction

There is clear scientific evidence that climate change is a real threat to human well-being and planetary health. It is widely recognised that climate change has the potential to negatively impact the effective enjoyment of human rights for all. Examples include the right to life, the right to adequate food, and the right to safe drinking water and sanitation. Closely related to our own sector, is the gradual loss of labour productivity of outside workers and urban populations experiencing heat stress impacting human life and health.

The building and construction sector accounts for more than a third of global energy demand, corresponding energy and process related CO₂ emissions. Materials used in the construction of buildings (i.e. concrete, steel, aluminum, glass and bricks) are estimated to represent around nine per cent of overall energy-related CO₂ emissions. At a global level, Heidelberg Materials' own production and products represent a significant share of these emissions.

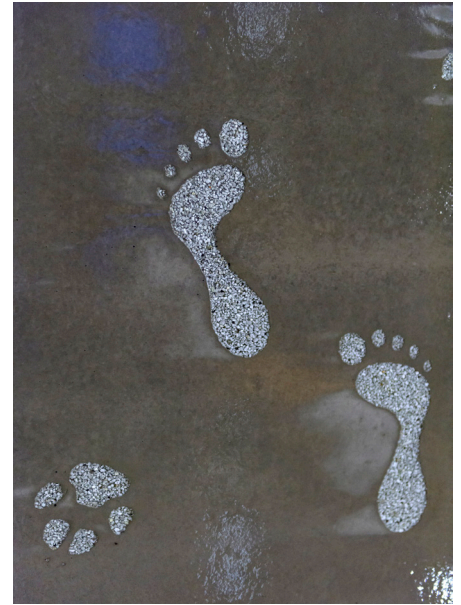
Therefore, by 2050 at the latest, we want to achieve our goal of reaching net-zero emissions throughout the value chain.

It is equally important to us that our contribution to the transition to a net-zero economy is just, so that people who take part in our transition enjoy their human rights while doing so. This is one key reason why we have identified workers' health and safety, and the rights of workers in our supply chain, as our other salient issues.

2.2 Our systematic approach to environment and climate risks

HMNE has a team of people working with issues concerning ESG. The ESG team is led by the Head of ESG, who is also the Vice President of HMNE and the environmental expert who oversees all business lines. In the team there are Sustainability Managers, Permit Specialists, a Climate and Energy Manager, and a Project Manager Sustainability. In all business lines there are environmental managers handling environmental issues concerning the plants and quarries, for example emissions, biodiversity and circularity.

All sites in HMNE are certified according to ISO 14001. We have identified environment and climate risks according to National Environmental Goals and according to the UN Sustainable Development Goals. The certification according to ISO 14001 also requires us to undertake regular third-party audits where the identified risks are assessed.



2.3 Our CO₂ emissions

For Cement, Precast and RMC the majority of our CO₂ emissions come from the cement production process. About two-thirds of the CO₂ emissions from cement production are created as a byproduct from the chemical reaction that takes place when the limestone is heated and turned into cement. The remaining part comes from the burning of fuels.

Across our business lines, we also have CO₂ emissions connected to transportation, energy and heating for our plants and sites.

Actions to reduce CO₂

- Carbon Capture projects in Slite and Brevik.
- Elimination of use of fossil fuels in the cement production process. To date, we have already achieved a high number of alternative fuels and biofuels in the production, 60–90 per cent.
- Efforts to use more alternative raw materials instead of limestone in cement production.
- Offer of concrete products that has a 20 per cent CO₂ reduction from the use of alternative binders such as slag, fly ash, and silica.
- Use of 100 per cent recycled rebar in the production of concrete elements which significantly reduce the CO₂ emissions from steel products.
- Most of our sites and plants have fossil free heating systems such as wood pellets, biogas, biofuels (FAME) or district heating.
- When it comes to concrete, rebar, and transportation with the highest number of CO₂ emissions we have demands on the suppliers to offer lower Global Warming Potential (GWP) in their EPDs.
- We are promoting material efficiency in the production to reduce waste.
- Use of biofuel for RMC trucks.
- In Aggregates, we continue to work towards increasing the use of electrified vehicles and crushers.
- To reduce the use of primary raw materials, we make concrete blocks out of returned concrete at most of the Swedish plants. In Sweden, we also crush returned concrete and use it as aggregates in the production of new concrete at seven plants. We aim to implement concrete recycling in all countries.

Carbon capture Brevik

We are building the world's first full-scale installation for carbon capture in Brevik, Norway, which will capture 400,000 tons of CO₂ annually, which corresponds to 50 per cent of the plant's emissions. At the same time, capacity is being built up to geologically store carbon dioxide from other industries as well.

Carbon capture Slite

We plan for a full-scale installation for carbon capture in Sweden, at the Slite plant. It will be scaled up to capture up to 1.8 million tons of CO₂ annually, which essentially means the entirety of the emissions of the plant. Together with our goal of increasing the use of biobased fuels, the net emissions is expected to fall below zero and "negative emissions" will be achieved.

2.4 Environmental impacts

2.4.1 Land use

Both our cement and our aggregates business extract raw materials from land. We also procure some steel and other raw materials that requires land use. Changes in land is the main driver of biodiversity and ecosystem change; which contributes significantly to the climate change impacts that affect people. It is widely recognised that our enjoyment of human rights depends on healthy ecosystems, and loss of biodiversity undermines our ability to enjoy human rights, including the rights to life and health, to food and water, and to cultural life.

Therefore, we work hard to increase biodiversity at our quarries, both during and post operations. When the industrial activity at a site has ended, the area must be returned by making it available for other use, for so-called post-treatment. We have carried out extensive research on biodiversity at and around our quarries for several decades and have an exceptionally good knowledge about the species that can be found there. In this regard, Heidelberg Materials Group has also adopted Group-wide policies for species protection. Heidelberg Materials Group is the first company in the construction materials sector to do this.

To reduce the use of primary raw materials, we have wet processing and recycled aggregates. We are also washing and reusing tunnel rock. Recycled aggregates are a part of our operations that will increase significantly in the coming years. Actions to reduce the use of limestone were outlined in section 2.3.

2.4.2 Impact on local communities

We have taken diligent efforts to ensure that we prevent negative impacts that our business has on local communities around our plants and sites.

We have constructed noise protections where necessary, including procedures for working hours to limit noise emission.

Regarding dust, we have implemented several different protections and measures to limit any potential negative impact. For example, depending on the plant or site, we water the driveways and access roads, maintain kiln cooler, control dust filters, cover conveyor belts, perform mixing activities inside buildings, use a central vacuum collector system in our cement silos, and employ a silo overfill warning system.

Process water is recycled back into the production of concrete. No water is discharged at our plants in Sweden and Estonia, and at some of the plants in Norway, Denmark, Iceland and Lithuania. We aim to implement water recycling at all plants.

To prevent spillage, we perform daily control of our vehicles. Our vehicles are further equipped with absorbents to manage accidental spillage. Oil tanks have double walls and overfill protection.

Case study

At our cement plant in Slite, Gotland, we have meticulously studied the effect our operation has on the water in Gotland. We are now looking at ways to seize the water collected in our quarries, store it, and create drinking water from it. This will greatly enhance the water supply in the north of Gotland, Sweden. We already have a miniature waterwork in operation since September 2022 for this purpose, but our goal is to put into operation a full-scale waterwork with modern technology in 2027.

Environmental Product Declaration available on cement and concrete products

Cement, RMC and Precast have performed a LCA (Life cycle analysis) on their products with a thorough inventory of the energy and materials that are required across the industry value chain of the product. The LCA has resulted in several EPDs (Environmental Product Declaration). The data in the EPD is verified by a third-party verifier, in our case EPD-Norge and IBU in Germany. The EPDs are available at the companies' websites. RMC in Sweden has for example developed the first EPD including carbonation from concrete in the operating phase.

2.5 Looking forward

To reach our net-zero emission goal we are undertaking many different activities and projects. The projects that will give the greatest contribution to our goal is the full-scale installation for carbon capture in Norway and Sweden. Furthermore, we aim to electrify our vehicles, machines and boats. We are constantly reducing fossil fuels emissions at our plants. Another area where we aim to accelerate our efforts is circularity. We have a great opportunity to contribute to circularity as the materials we produce are both reusable and recyclable with a long lifespan.

We will continue to take diligent actions to limit any impact through air emissions, water consumption, soil contamination, noise emissions, or otherwise that we have on the local communities surrounding our plants and sites. Likewise, we will continue to promote biodiversity and a healthy ecosystem in and around our sites and quarries.



3. The right to a safe and healthy workplace

3.1 Introduction

Taking our commitment to the enjoyment of a decent workplace seriously, our commitment to Health and Safety is an integral part of all of our business activities and operations. Our goal is to avoid all accidents leading to death, injuries, permanent disabilities, or occupational illnesses, the foundation for our vision – Zero Harm.

There are several potential hazards in our operations and industry. From the production of building materials, i.e. cement, aggregates, ready mix concrete, and prefab concrete structures, our personnel is exposed to hazards such as dust, noise, moving objects and equipment, and much more, all of which constitute risks to people.

The Heidelberg Materials Group as well as HMNE have worked with, for many years, management, governing systems and documents as well as physical barriers to mitigate risks connected to our working environment. Also, robust procedures have been implemented to handle incidents, if they occur, and to mitigate consequences and enable lessons learned to avoid recurring cases.

In addition, we have over the last years had 46 of our companies in HMNE certified in accordance with ISO 45001 by accredited certification bodies. This ensures that we manage our operations in terms of health and safety to protect our employees against harm. Every year, 4,500

employees in HMNE receive mandatory training in health and safety. All sites put aside time, every year, for a Safety Week where fundamental training and exercises are carried out focusing on emergency handling, preventive measures and issues related to a safe and sound work place.

Finally, HMNE requires every unit to have contingency and emergency rescue plans in place to be prepared for potential incidents. We regularly monitor units to ensure that they live up to the requirements. These plans include documented risk assessments, taking into account probability and consequences, mitigating measures to reduce risks to a level of ALARP (As Low As Reasonably Practicable). Documented contingency and emergency plans are easily available at both company and plant level. Typically, posters with contact information to emergency services and internal stakeholders are hung up at strategic places in the plant. Further, crisis management teams are established at all sites.

Case study

If an incident takes place, whether it is a near hit or injury, we have tools/system, processes, training, and procedures to underscore proper handling to correct and prevent recurrence as well as implement lessons learnt across borders.

The schematic around this can be illustrated by the following:

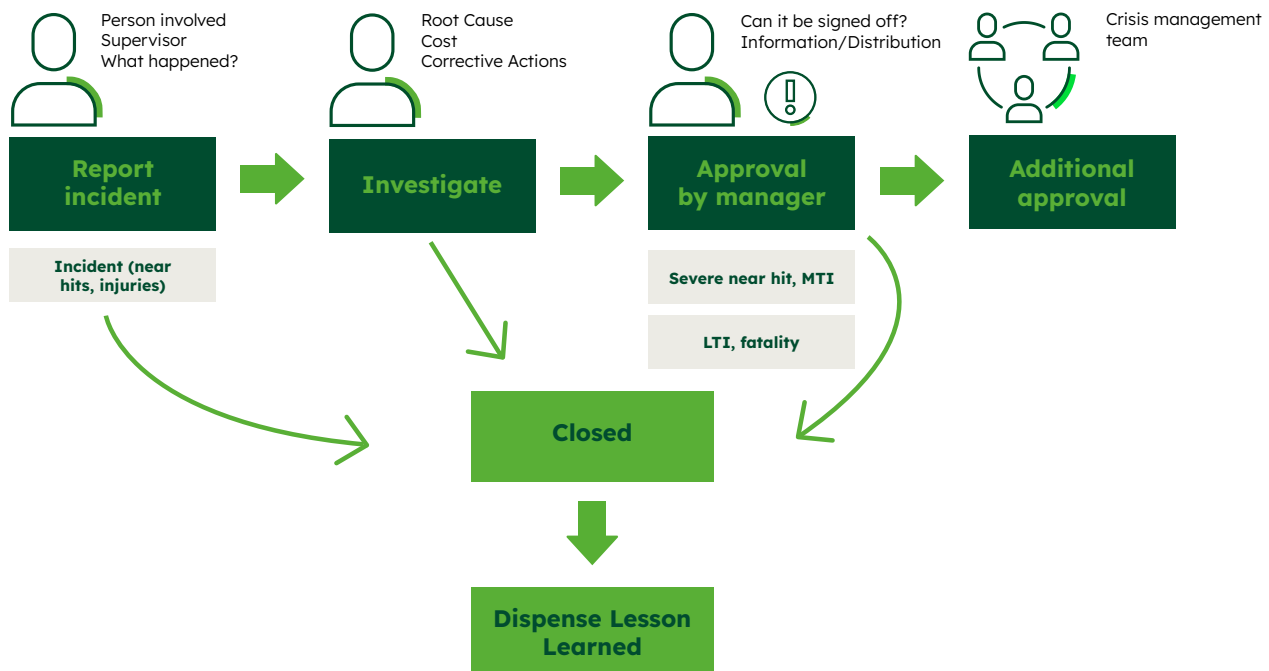


Figure 2.

3.2 How HMNE handles potential adverse impacts

Several policies, guidelines, working standards, procedures, IT tools and systems as well as training, inspection and monitoring regimes are implemented to support our pursuit of a Zero Harm environment.

The backbone of our health and safety efforts rests on the concept of continuous improvement employing the concept of Plan, Do, Check (PDCA) in every work area as it is laid down in HMs integral management system. Through a requirement to have all our companies in HMNE certified according to ISO 45001 – occupational health and safety management systems – we have built a robust framework to handle potential risks and impacts.

Training and coaching of managers at all levels is a prerequisite to ensure consistent and professional health and safety leadership. HMNE has implemented and runs such programs at all times. Needless to say, introduction and follow-up training is emphasised to ensure that every employee is aware of how to act safely at all times.

Our system and database to handle health and safety incidents, if and when they occur, fulfill all requirements as regards reporting, investigation, cause analysis, and employment of proper preventive actions. The system provides features and measures to create reports, overarching analyses as well as lessons-learned documentation applicable to the entire enterprise.

Applying the concept of continuous improvement in all our undertakings, we further pursue our goal of Zero Harm. This concept, using the PDCA principles, is inherited in our own governing documents as well as the fundamentals of ISO 45001.

Above all, the following is the guiding star of HMNE in general and at all operational units in particular.

On the operational level, we apply the concept of PDCA in all undertakings and in our Health & Safety incident handling system – HC Protect. Visible Leadership principles (using among others manager-employee safety conversation) are also employed (7,000 in 2022) to further improve the safety culture.

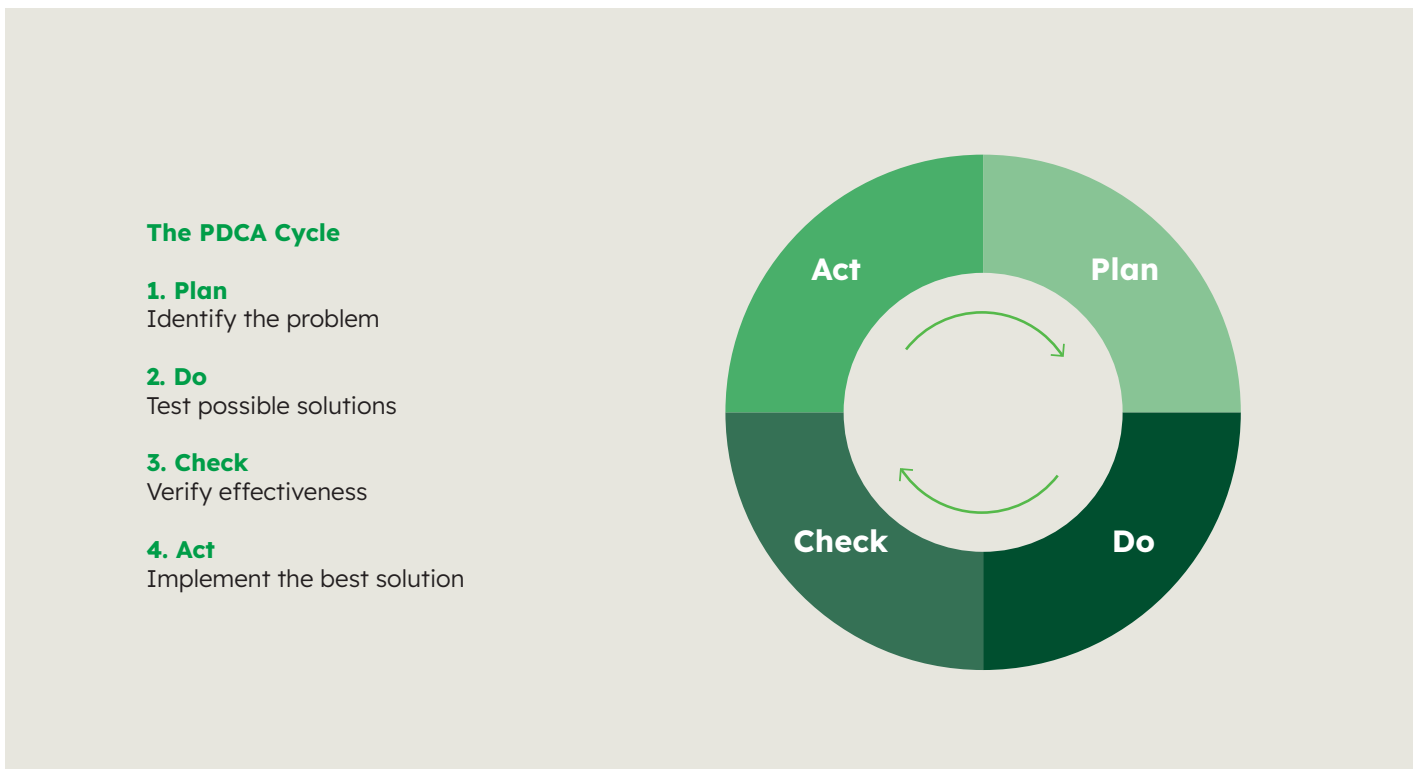


Figure 3.

4. Working conditions in our supply chain

4.1 Our supply chain

The key raw materials necessary for our business, cement and aggregates, are produced by HMNE in the Nordics and Baltics. Even so, we have more than 10,000 different direct suppliers providing everything from crucial additives to different services ranging from cleaning services for our offices, legal services or logistic services.

This means our full supply chain is very broad and deep. We are therefore in the process of enhancing and deepening our own understanding of the impact our procurement practices have on both people and the planet across our supply chains and business partners. Throughout this work, we strive for openness and to be transparent both with our challenges and our successes.

HMNE has held several workshops led by an external human rights expert with procurement colleagues to dig deeper into the human rights risks present in our supply chain. The workshops, the HRRRA and a pilot supplier due diligence project form the basis for the risk assessment that has resulted in the identification of three key areas in our supply chain that we assess contain our biggest human rights risks. These risks areas are logistics, procurement of raw material and contracted workers.

4.2 Identified human rights risks

The fundamental factor that enables the perseverance of human rights risks in our supply chain is the inherent lack of control that characterises modern supply chains that are increasingly complex. The contracted workers who work on our sites or the truck drivers who drive our trucks are often engaged by companies who are in the third or fourth tier of our supply chain. This has traditionally lowered our visibility and made it difficult for us to establish sufficient oversight to ensure that human rights are fully respected, especially when the action or omission that causes the adverse impact occurs off our sites.

This lack of control makes us subject to the general sector risks of adverse impact on the human rights of contracted workers and logistics workers present in the countries that we operate in. Such risks for example include inadequate wages, presence of forced labour indicators, excessive working hours, and inadequate living accommodations. The risks are further amplified for vulnerable groups, such as migrant workers.

Further, we procure some raw materials from higher risk contexts. These procurement activities are connected to special risks of a more salient nature (related to for example labour conditions, forced labour, lack of freedom of expression and of association, and discrimination). Therefore, we will focus on performing in depth due diligence on such suppliers of raw material to identify and address any actual or potential adverse human rights impacts caused or driven by such procurement.

Pilot supplier due diligence project

As a step towards developing the enhanced due diligence process, we ran a pilot project where we performed due diligence on eight suppliers chosen as a rough approximation of the different suppliers we procure from. For five of these suppliers, we took further due diligence action after they had responded to our questionnaire, including management calls with two of these suppliers.

For one supplier, we found a lack of a structured approach to identify and address human rights risks and impacts that resulted in the supplier not meeting our expectations. The supplier was, by their own initiative, in the process of addressing these insufficiencies, which is why we decided to give the supplier space to complete that project and follow up after ten months. Most importantly, the pilot provided us with key learnings that resulted in adoption and implementation of the current enhanced due diligence process.

4.3 Identified adverse human rights impacts

4.3.1 Findings from interviews with contracted workers

We engaged external human rights experts to conduct interviews with contracted workers at one of our sites. Through these interviews, we identified some forced labour indicators. The most severe example identified was that some contracted workers reported that they had to sign pre-prepared resignation letters. These letters could then be used against them by their employers if they called in sick or otherwise caused any issues from the perspective of the employer. There were also some more subtle signs present. For example, some workers spoke of facing intimidation by their employers if they wanted to resign before the end of their contract, and other workers seemed to recite scripted answers to questions about overtime work and their wages.

The interviews also brought to light some obstacles faced by the contracted workers in relation to freedom of association due to lack of awareness related to their right to, as migrant workers, join existing labor unions: as well as certain health and safety risks which were immediately addressed on our sites.

Following these findings, we have worked together with external human rights experts and the relevant suppliers to address the identified issues. This work has entailed several discussions with management individuals at these suppliers and resulted in concrete actions for both us and the suppliers.

4.3.2 Incident with allegation of non-payment of wages and intimidation

A contracted worker employed by one of our subcontractors' subcontractor contacted us with allegations of non-payment of wages, excessive working hours and intimidation. We have engaged external human rights expertise to investigate the allegations, which we confirmed by other workers employed by the same employer.

Of course, such treatment of workers is unacceptable and in breach of our Supplier Code of Conduct. We take this incident very seriously and are committed to substantiate any adverse impact suffered by the contracted worker. We will ensure that any impacts are remediated together with the responsible supplier, recognising that this is difficult not least due to the workers reporting feeling intimidated by their employer not to engage with us around remediation.

We are in close contact with our direct supplier to build capacity and work towards the implementation of processes that will decrease the risk for further similar incidents in the future.



4.4 Supply chain due diligence going forward

Our risk-based approach has directed our supply chain related human rights due diligence efforts towards setting up and implementing an enhanced human rights due diligence process for our most high-risk suppliers. This process follows the steps outlined in figure 4.

We will continuously work to identify areas in our supply chain where we have heightened risks for adverse human rights impacts and include any such suppliers in our enhanced due diligence process. These efforts will include input from key stakeholders, such as the labour unions in our sector.

The due diligence process is, as a main rule, initiated by asking the supplier to answer two different questionnaires, one standardized and one specifically developed by us to give us an insight into the risks that a supplier is facing and what actions they are taking to address those risks. Based on the input from these questionnaires we will proceed with further due diligence actions as necessary. For example, this may include, additional questions and document requests, management interviews, site visits and/or worker interviews. That being said, this process will be adapted to fit each supplier.

The goal of this due diligence process is not to identify suppliers with risks and exclude them from further procurement activities. Instead, we strive to work together with the supplier in order to raise their level so that they meet our expectations. To that end we will, when necessary, together with the supplier develop an action plan that is intended to address any insufficiencies in the supplier's efforts to ensure respect for internationally respected human rights.

Finally, we are fully aware that follow-up and continued monitoring (with KPIs) of these suppliers is key to the success of our efforts. Each action plan will clearly outline how and when we will follow up. We will also regularly follow up suppliers who do not receive an action plan to ensure that the suppliers continue to meet our expectations.

The first batch

The first batch of high-risk suppliers that will be subject to this enhanced due diligence process is:

- **Migrant contracted workers**
All suppliers of contracted workers to our sites or our customers' sites who use migrant workers.
- **Raw materials**
Selection of raw material suppliers.
- **Logistics**
All vessel suppliers and a selection of trucking suppliers.
- **Prior knowledge**
All suppliers we have prior knowledge of misconduct or knowledge of specific risks related to that supplier.
- **Heidelberg Materials Group suppliers**
All suppliers identified by the Heidelberg Materials Group as high-risk after an analysis of country, sector and product/services risks together with spend.

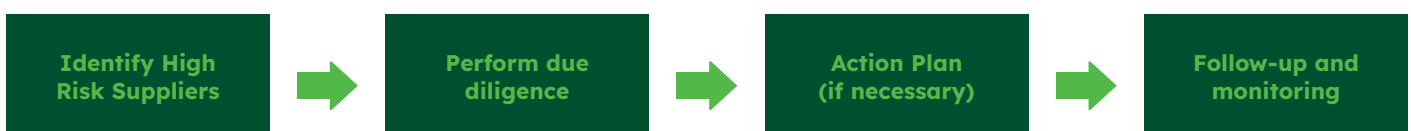


Figure 4.

Supplier Code of Conduct and Responsible Business Terms of Use

We strive to ensure that all our agreements with our suppliers include both our Supplier Code of Conduct and a set of contractual clauses that we call Responsible Business Terms of Use.

Our Supplier Code of Conduct includes our key expectations for our suppliers in the areas of working conditions, environmental standards and business ethics. The Supplier Code of Conduct also outlines our expectation that the supplier shall adhere to the principles of the core conventions of the ILO, the ten principles of UN Global Compact, the OECD Guidelines, and the UNGP.

The Responsible Business Terms of Use set out a contractual obligation for the supplier to respect human rights as well as establish and maintain a human rights due diligence process in line with the UNGP. They also give us the right to request information and perform audits to ensure that the supplier honors these commitments.



Looking forward

As we continue to operationalise our policy throughout our business, we have seen the need to strengthen certain parts of our internal processes. A key part of that is to continue the work to involve more of our people and our suppliers into our human rights efforts. Our success depends on the efforts and expertise in every corner of our business.

This is also our greatest challenge. We are a big organisation working across different business lines which requires our efforts to reach a lot of people in order for them to be effective. This forces us to be humble and recognise that implementation will be a continuous effort that will take time. However, we are firmly committed to ensure that we always make progress, even if incremental.

We will take additional steps to further front load our HRDD work in projects in the planning phase, as early engagement with possible suppliers prior to contract award is required to facilitate compliance with our expectations and to identify and implement effective ways to avoid or mitigate risks.

Finally, since the world around us, our business and our insight into our human rights impact continuously evolve, we continuously adjust and improve our policies, processes, and actions based on learnings and growing capacity within the organisation.



Oslo, June 2023

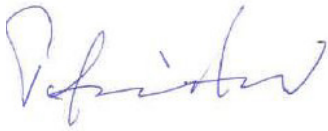
Board of Directors and Chief Executive Officer of
Heidelberg Materials Norway AS:



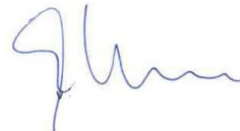
Jan Gänge
Chairman of the Board



Thea Stene
Board member



Peter Linderoth
Board member



Giv Brantenberg
Chief Executive Officer

