



SUSTAINABILITY REPORT 2020



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1. CEO MESSAGE



Sustainability and business continuity is an essential part of our growth strategy. I am proud to say that 2020 was a year of continuation of our business success and operational expansion despite the emerging risks and challenges. As a company that integrated sustainability principles and transparency strategically into their business operations before the COVID-19, we have shown the necessary resilience and robustness to the crisis brought by the pandemic. Not only our operations did not slow down this year, but also the Company impressed by growing performance while succeeding to protect the health of our people and environment.

This year, it was essential for us to prioritize the health and safety of our staff, contractors, and other stakeholders. We have implemented new policies and taken necessary steps to track and minimize illness, significantly enhanced hygiene measures, held awareness sessions, encouraged social distancing, and incentivized paid sick leave in case of COVID-19 suspicion. Considering the mental effects of the pandemic and uncertainties, we are more mindful of their impact on people. Accordingly, we have emphasized the mental health and wellbeing campaigns, to help our people through the prevailing period. As further action, we will support the vaccination process implemented by the government and have already set the target for an 80 % vaccination rate for 2021 for Norm employees.

Ongoing worldwide changes has shaped the landscape of the market, hence resulted in new shifts in demand. We successfully discovered those needs, and benefited from current patterns and adjust our flexible business operations accordingly. In 2020, our Company offered six cement products to the market with one being new, and eventually achieved an increase in production by 4% and consequently a 5% increase in net revenue compared to the previous year. To expand the production capacity, we launched a new multichamber silo and installed a second palletizer line. The completely remote commissioning of the palletizer line together with BEUMER Group – our German partner is the evidence of our excellent technical and personnel set-up.



1. CEO MESSAGE

We believe that the new installations will lead to an increase in operational efficiency and automation of processes, while decreasing lead-time and delivery period to end-users. As our operations grow, so do our targets to implement ambitious plans. We are currently undergoing necessary audits to receive the API Spec Q1 certificate for introducing a new product – oil well cement - to the local market in 2021.

During this period, we have once again understood the importance of sustainability, presented with an opportunity to convert challenges into inclusive, resilient, and sustainable development goals. Our ambitions and the bar for pioneering leading environmental sustainability management practices continue to rise. For instance, during the current reporting year, we have managed to decrease our specific direct CO2 emissions in comparison with the last year due to our initiatives to decrease the clinker factor in our products. As part of our commitment to the environment, we have improved the reporting system for water consumption by installing water meters. We continue to sort and store our hazardous and non-hazardous wastes and transfer them to a third party for disposal or recycling. Hence, in 2020, we are once again certified with the ISO 14001 Environmental Management standard. All these actions prove our management's emphasis on reducing the environmental impact of our activities.

Furthermore, we are committed to finding better solutions together with our partners, competitors, suppliers, and other key stakeholders in a joint effort to minimize climate change and nature loss, protect human rights and contribute to a circular economy. In this sense, for creating shared value among peers and other businesses, we are sponsoring the idea of establishing a Cement Association in Azerbaijan, where we can mutually share best practices putting greater focus on innovation to make crucial progress on reducing CO2 emissions and facilitating circular economy. We are also continuing our research and collaboration with different parties on finding viable solutions for the use of alternative fuels and raw materials and other alternative energy in our operations in near future.

The year 2020 will also be remembered with the worthy-mentioning success of the Azerbaijani government. Following the liberation of Azerbaijan's Karabakh region after a 30-year occupation, the government has set ambitious plans and goals for the region to undergo a complete reconstruction and transformation, from infrastructure to business environment evolvement. At this stage, we believe that Norm, as a cement producer, will play a vital role and significantly contribute to the reconstruction of those beautiful lands.

Chief Executive Officer
Henning Sasse

ABOUT THE REPORT

2

2.1. REPORT PROFILE

2.2. STAKEHOLDER ENGAGEMENT

2.3. MATERIALITY ASSESSMENT

2. ABOUT THE REPORT

2.1. REPORT THE PROFILE

Norm OJSC (hereinafter, "Norm", "the Company", "We") is pleased to present its third Sustainability Report ("the Report") summarizing environmental, economic, and social performance for the period from 1st of January 2020 to 31st of December 2020. We continue to issue our sustainability report as an important communication tool to disclose the appropriate corporate information to a broad range of stakeholders, including our employees, customers, suppliers, shareholders, investors, and local communities. GRI 102-46 GRI 102-50

The Report is prepared in accordance with the sustainability reporting standards of the Global Reporting Initiative (GRI Standards, "Core" option). In compiling the contents of the Report, we were guided by GRI principles to present reliable, complete, balanced, accurate, understandable, comparable information and to cover metrics and topics relating to materiality, stakeholder inclusiveness, and sustainability context. The GRI content index is provided in the Appendix section of the Report. In addition, we rely on the guidelines of the Global Cement and Concrete Association (GCCA) where applicable. GRI 102-46 GRI 102-54

There are 14 sections with detailed information about the Company's economic, social and environmental performance. The report is publicly available in both Azerbaijani and English on our official website (norm.az). We appreciate any feedback, comments, and suggestions from different stakeholder groups for our reporting practice improvement. Recommendations can be submitted by phone or e-mail address provided at the end of the Report.

2.2. Stakeholder engagement

Norm strives to foster a transparent, productive, and mutually beneficial partnership with its stakeholders. We believe that understanding the demands of different stakeholder groups accurately, and responding in good faith is the basis for accomplishing strategic goals and growing the business. In 2020, due to COVID-19 pandemic limitations, we have entered into dialogue with our stakeholders via online community meetings, social media, one-to-one discussions, press releases, news, and publications on the official website. GRI 102-44

The main engagement principles the Company follows are inclusivity, materiality, impact, and responsiveness. GRI 102-43

Materiality

Materiality is the relevance and significance of an issue to the Company and its stakeholders.

Responsiveness

Responsiveness is the Company's response to stakeholder that affect its sustainability performance, and is realized through actions and communication with stakeholders.

Impact

The degree of influence the Company's activities and results of business operations have on the economy, environment, society and its stakeholders.

Inclusivity

Inclusivity is the participation of stakeholders in developing and achieving a strategic response to sustainability.



2. ABOUT THE REPORT

Figure 1. Key stakeholder groups

Employees

The Company has created a rewarding work environment by improving training activities and loyalty bonus programs. Meetings, internal surveys, and mail communications are regularly conducted for timely updates on Company related news and employee feedback. GRI 102-41

Customers

We provide high-quality products and services tailored to the individual needs of our customers. To improve customer satisfaction level and to demonstrate strong support, we thoroughly assess customer feedbacks through our surveys and respond promptly to any concerns of customers by our representative offices or

NGOs

Norm takes an active part in social development by collaborating with non-profit and non-governmental organizations through public consultations and charity activities

Media

We regularly update our website and official social media accounts with reliable, relevant, and complete information.

Shareholders

We strive to publish financial and sustainability reports and disclose any other relevant information in a timely manner, and hold regular shareholders' meetings to increase the effectiveness of relations with shareholders.



Society

Social contribution programs are implemented in constant contact with the local community through donations, charity, financial and non-financial monetary assistance, and sponsorship programs.

Suppliers

Norm's supply chain covers both local and international, large and small companies. We perform an effective selection of suppliers and contractors through quality assessment and tender procedures

Government and public authorities

We continuously enter into discussion with government and local authorities to maintain the safety and security of operations and to improve ethics, anti-corruption, and compliance efforts. The Company actively participates in investment programs for regional development.



2. ABOUT THE REPORT

2.3. Materiality assessment

Consistent with GRI standards and GCCA framework, Norm continues conducting annual materiality assessment in 2020 to identify environmental, social, and economic issues of particular interest to our stakeholders and to ensure our analysis reflects events and changing business priorities. For 2020 report preparation, the material topics are selected based on two criteria: the importance of a topic for stakeholders and the Company. To select the most relevant sustainability metrics, materiality topics are defined using a three-stage process. GRI 102-44 GRI 102-46 GRI 102-47

Figure 2. Materiality topics selection stages

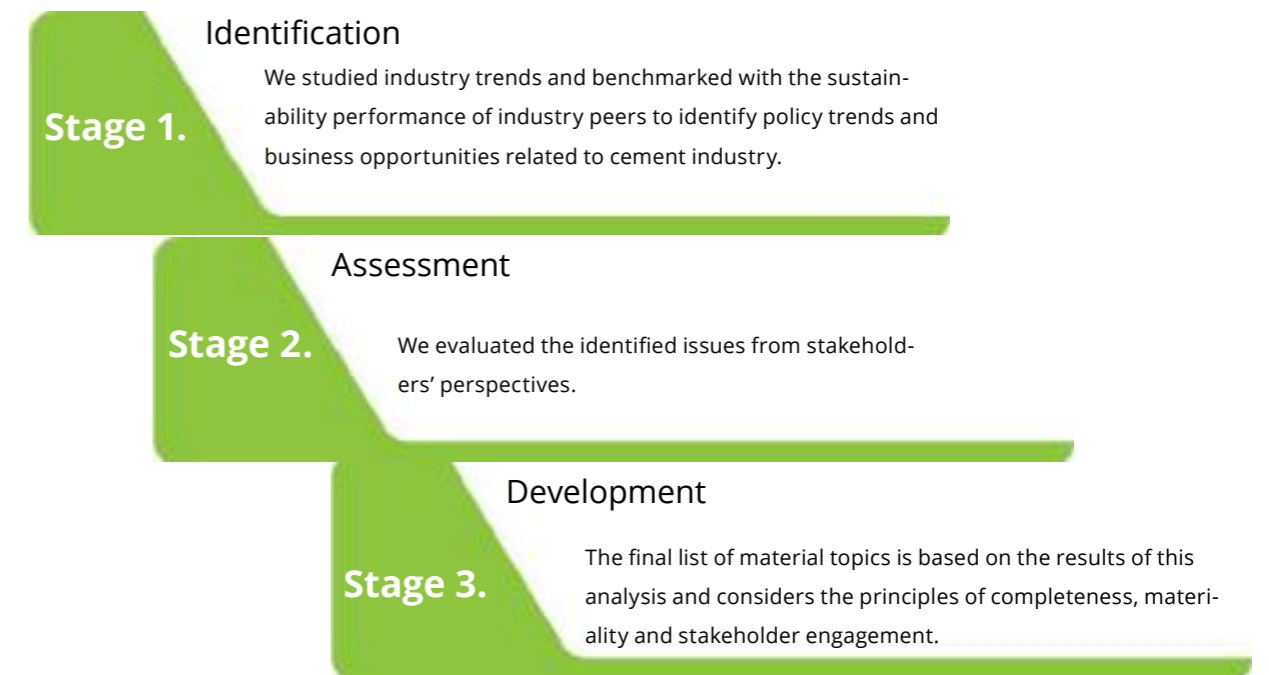


Figure 3. Materiality matrix





COMPANY PROFILE

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- 3.1. MAJOR EVENTS OF THE YEAR
- 3.2. COMPANY PORTRAIT
- 3.3. VALUE CHAIN

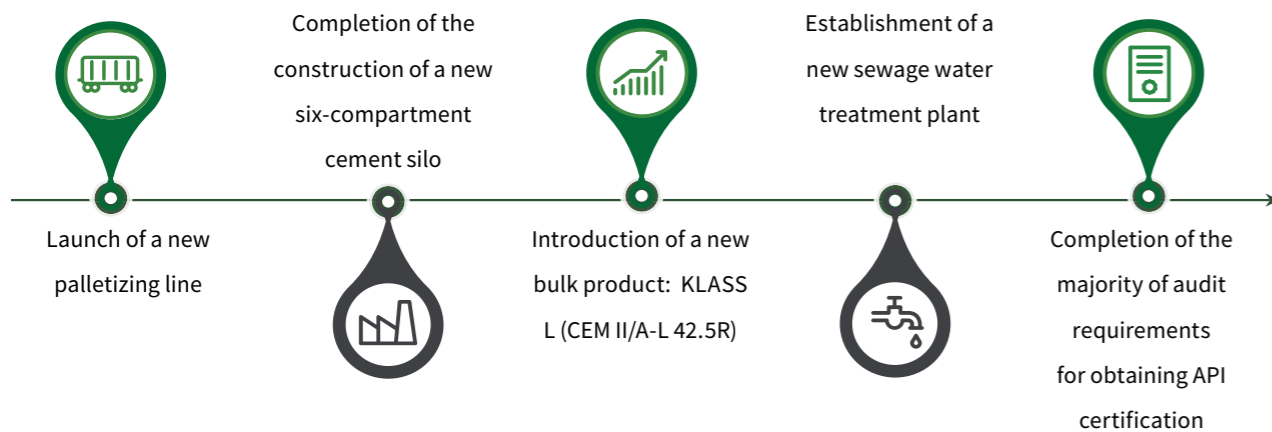
3. COMPANY PROFILE

3.1. Major events of the year

Headquartered in Baku, Norm pursues ambitious goals aligned with the mission of creating long-term value and taking a strong leadership position in the local and international cement market. In 2020, we continued conducting responsible business operations and maintained the status of largest cement manufacturer in the South Caucasus region. Further to our mission, our economic-wide target is to reduce the dependency on imported cement, clinker, and other cementitious materials. With this in mind, by pioneering the promotion of business operations harmonized with financial, environmental, and social objectives and introducing of new products, we aim to bring new trends and practices to the construction sector. GRI 102-1 GRI 102-2 GRI 102-3

In due course, major successful milestone events were accomplished within the year 2020:

- Introduction of a new product: KLASS L (CEM II/A-L 42.5R)
- Completion of the construction of a new six-compartment cement silo;
- Launch of new Palletizing Line;
- Completion of the majority of audit requirements for obtaining API certification;
- Establishment of a new sewage water treatment plant.



3.2. Company portrait

In 2020, our management has taken decisive steps in order to achieve our vision of becoming a market leader with continuous expansion opportunities in mind. Despite economic and operational challenges brought by the COVID-19 pandemic, we continued expanding our operations and sales volume thanks to innovation and sustainability-driven management decisions. For instance, a new silo was constructed and the palletizing line was put into operation, which was accomplished through joint efforts of BEUMER Group and our Company. Initially, we formed a strong communication basis with our partner, which was later followed by online training to highly qualified Norm personnel. Eventually, using a plug-and-play set, management of the new packaging line was “remotely” handed over to us. We continuously conduct marketing researches each year, this year it enabled us to understand the shift in consumer demand during the pandemic and use enhanced production capacity wisely. Ultimately, this year, we have introduced a new bulk cement type - KLASS L (CEM II/A-L 42.5R). In conclusion, our production for cement and clinker production went up by 4% and 21% respectively due to market demand. GRI 102-2 GRI 102-4 GRI 102-5

3. COMPANY PROFILE

Figure 4. Trend of cement and clinker production, tons

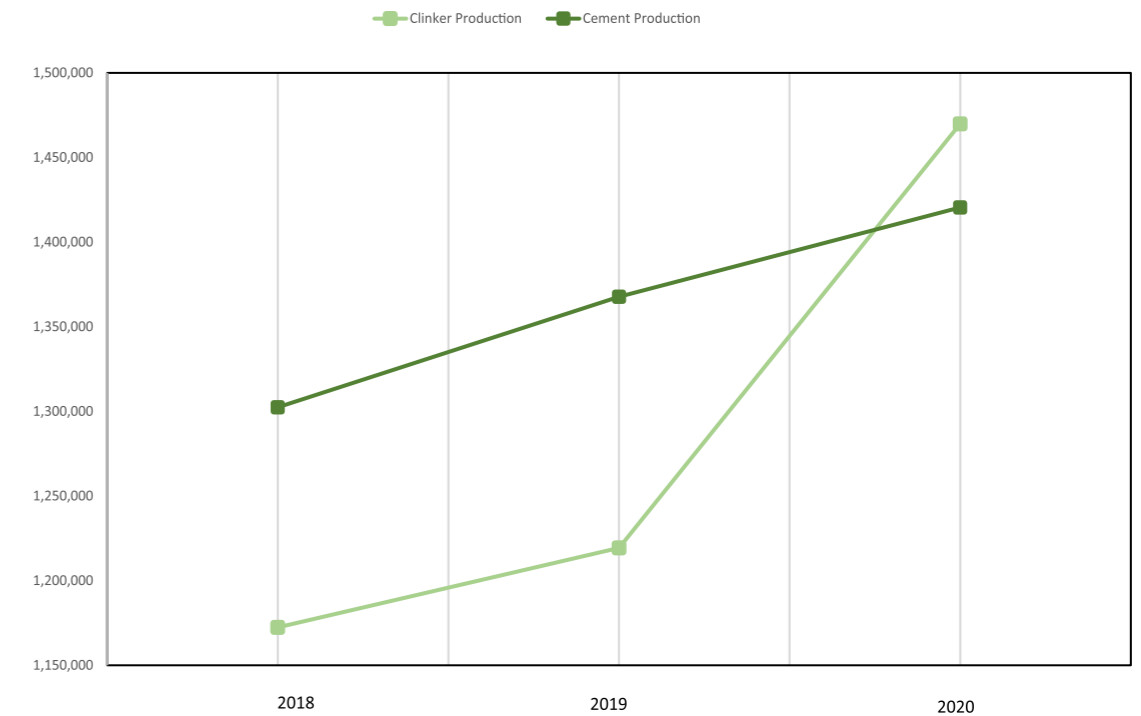
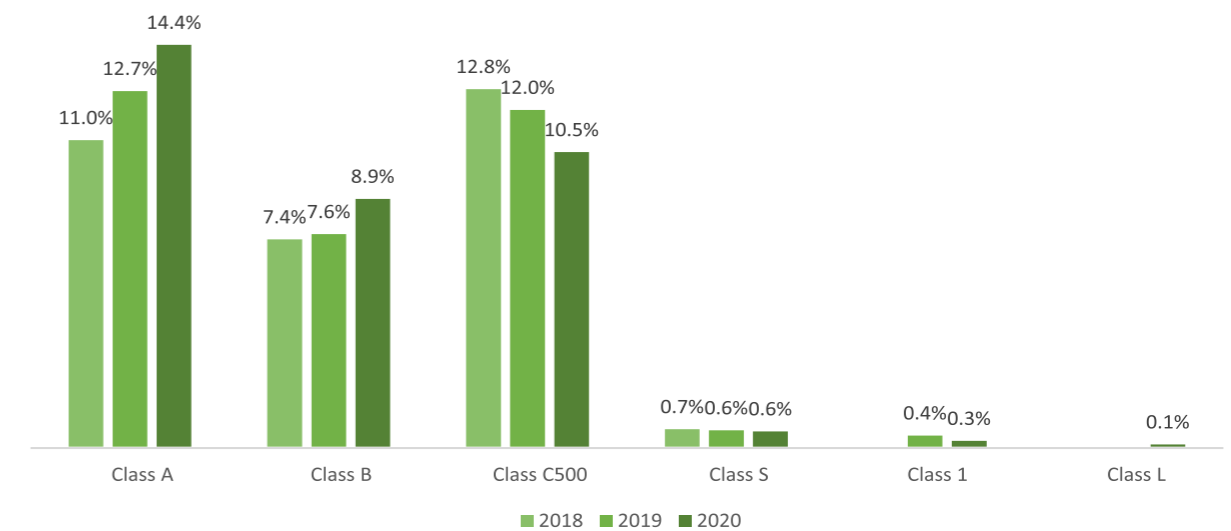


Figure 5. Cement production portfolio split by main product classes

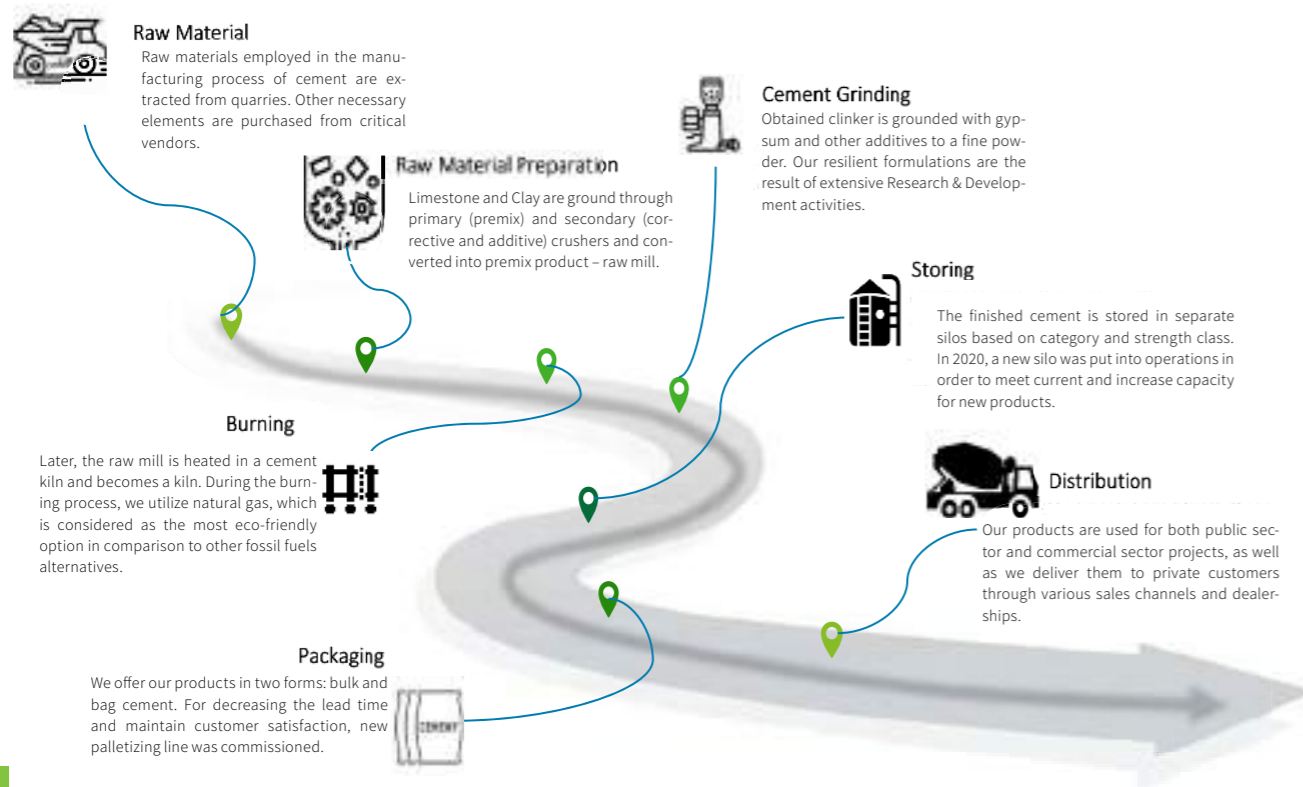


3. COMPANY PROFILE

3.3. Value chain

Our business model is based on delivering the maximum value-added products to our customers at the lowest possible cost. Where our value chain may be operating in an unsustainable way, it may pose operational, financial, and strategic risks for our company and result in lower performance and customer dissatisfaction. Therefore, the management of the value chain is important for increasing the efficiency of the business. As a response plan, monitoring our value chain will not only enable us to address those risks, but also to seize new opportunities for competitive advantage and future growth.

Figure 6. Primary activities of value chain



3. COMPANY PROFILE

Figure 7. Supporting business activities



SUSTAINABILITY APPROACH

4

4.1. MANAGEMENT STRUCTURE

4.2. OUR VISION, MISSION AND GOVERNING VALUES

4.3. CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

4.4. GOALS AND SPECIFIC ORGANIZATIONAL TARGETS

4. SUSTAINABILITY APPROACH

As the largest cement plant in the South Caucasus, we understand that our operations have an impact on the environment at all stages of the production process. Consequently, we strive to ensure that this influence is directed favorably. At Norm, we are committed to contributing to sustainability by driving our business decisions for sustainability principles and incorporating environmental, social and governance (ESG) issues into our value chain. Our commitment to sustainable development is inextricably linked to the implementation of corporate social responsibility (CSR) measures aimed at promoting regional development and improving the quality of life through our activities for the local population.

As a responsible employer, we put human capital at the forefront of our business development. We focus on observing human rights in the workplace and improving working conditions, the training system, developing the corporate culture, and creating a comfortable environment for self-realization of each employee. We implemented and improved strategies, management systems, and processes to ensure that all our employees provided with a safe working environment. Due to the COVID-19, we have strengthened measures to protect our employees from infection by providing tests and necessary medical services, as well as conducting regular disinfection to maintain the health and safety conditions at the workplace. Thus, our sustainability approach provides ways in which we improve our ESG performance through the various initiatives we implement. GRI 102-15, GRI 102-16

■ 4.1. Management structure

A strong management structure ensures that sustainability remains at the heart of our activities and operations. Norm's top management is actively involved in overseeing the delivery of our sustainability approach. We are committed that all corporate governance measures, combined with a rigorous, open approach to reporting, are central to conducting our business with integrity and maintaining stakeholder confidence. GRI 102-20

We strive to continuously improve our sustainability management structure. To this end, our key performance indicators (KPIs) are established on an annual basis, which is reflected in the annual action plan developed by the Board of Directors (BOD) for each department. Subsequently, at weekly management meetings, all departments report their respective actions leading to progress in implementing the action plan to the CEO and the BOD. For evaluation and monitoring processes, each department provides monthly reports to management on implemented actions and problems encountered. GRI 102-19 GRI 102-26 GRI 102-29 GRI 102-32

For 2020, the responsibility remains with the IMS and HSE departments to implement and integrate sustainability initiatives. These departments also conduct activities on planning strategic projects to achieve goals based on the Business Contingency Plan. This plan allows us to develop our activities, creating a system of prevention and recovery from potential threats by focusing on business sustainability. GRI 102-31

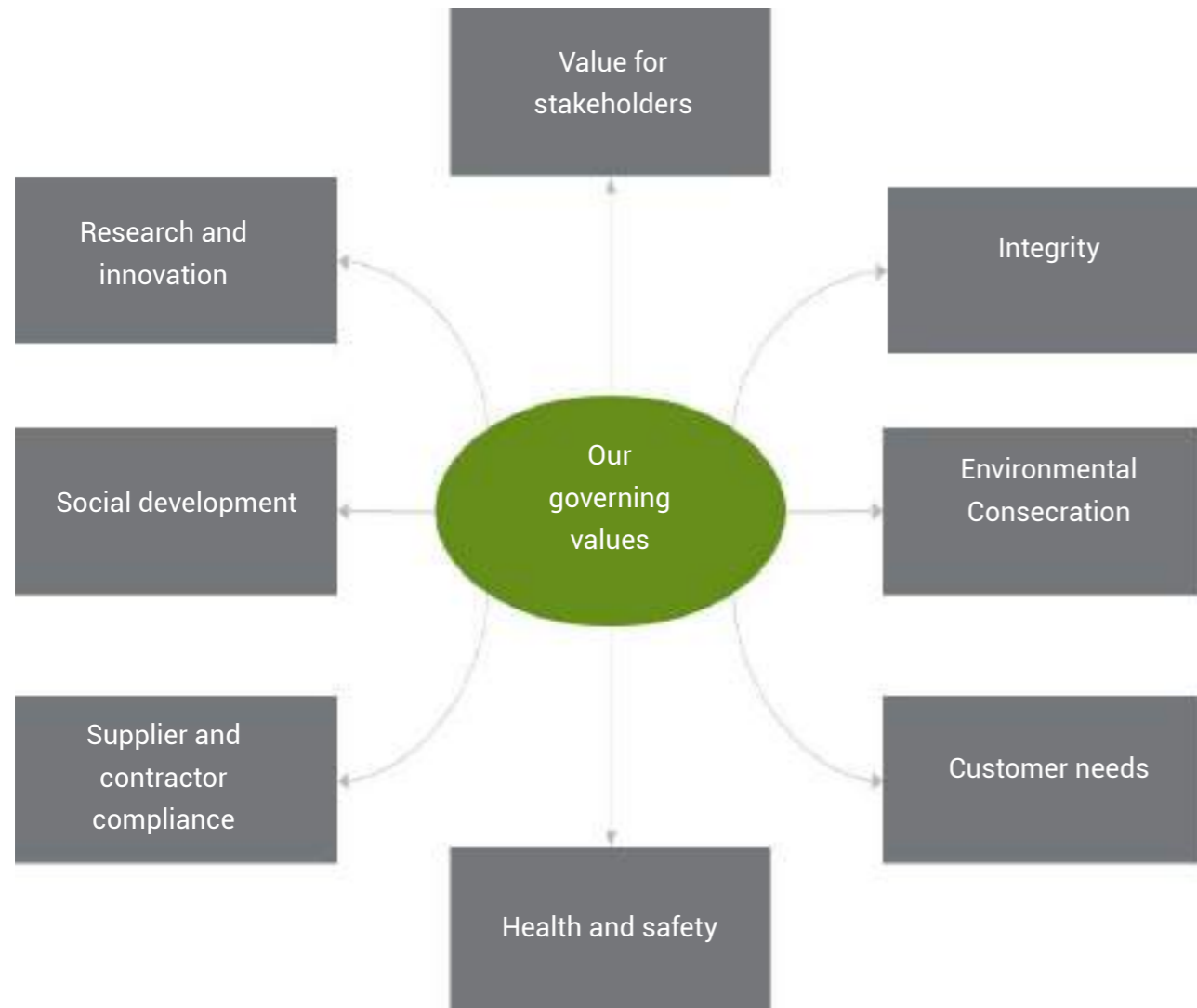
4. SUSTAINABILITY APPROACH

4.2. Our vision, mission and governing values

Our mission is to create long-term value and take a strong leadership position in building a manufacturing base in the local and international market, to ensure Norm's success over the years. We strive to become a company that plays an indispensable role in building a safe infrastructure. We consider it as our vision to remain the leading cement producer in the country and achieve a significant reduction of cement imports into Azerbaijan, fully satisfying local demand by creating new product lines.

In 2020, despite the global situation with COVID-19, we are even closer to improving our activities in compliance with the requirements of the American Petroleum Institute (API). To monitor compliance with API requirements, our senior and mid-level management regularly discusses potential industry threats and opportunities in order to review and update the Company's strategy benchmarks. Hence, it has led to the creation of values that emphasize stakeholder engagement and considera-

Figure 8. Governing values at Norm



4. SUSTAINABILITY APPROACH

4.3. Contribution to the UN Sustainable Development Goals

We continue to actively participate in the implementation of the UN Sustainable Development Goals (SDGs) program. In support of our vision, mission, and values, Norm has implemented 10 fundamental goals, which are more material to its business and directly aligned to the United Nations' Sustainable Development Goals (SDGs). As part of this commitment, we focus our efforts on reducing poverty, improving education and well-being, creating better jobs regardless of gender, and overcoming environmental challenges through the introduction of innovative technologies. In this way, we aim to reinforce its presence by transforming our activities into areas of growing need.

4.4. Goals and specific organizational targets

Our corporate goals, which are reviewed each year, include sustainability indicators that cover all three main areas of sustainability: social, environmental, and economic. As can be seen from the table below, the prioritized SDGs speak directly to our values, including our commitments to creating a safe and inclusive working environment. Therefore, we believe that the implementation of SDGs, along with other steps taken by the Norm, largely determines the contribution that we make to the achievement of the UN's global Sustainable Development Goals. GRI 103-2





4. SUSTAINABILITY APPROACH

Table 1. Organization-specific targets on SDGs and progress towards them.

Topic	Impact	Issues	2020 results	Short term (by 2022)	Medium term (by 2025)	Long term (by 2030)	Contribution to SDGs
Health and Safety	Supporting and assisting human development in Norm	Facality	0%	0%	0%	0%	
		LTI's at work	2	0%	0%	0%	
		LTI's among contractors working on site	1	0%	0%	0%	
Gender diversity	Supporting and assisting human development in Norm	Recruitment of disabled people (of annual average number of employees)	2%	2%	2%	2%	
		Percentage of women in the Norm	12%	12%	12%	12%	
Stakeholders and sphere of influence	Creating favorable conditions for innovative working and behavior	Net Promoter Score	N/A	62%	70%	80%	
		Sustainability assessment of critical suppliers (% of suppliers)	0.0%	50%	80%	100%	
Climate change	Controlling the impact of our activity on the environment and living things	Specific net CO ₂ Emission (kg CO ₂ /t cement)	5.30%	Reduce by 6.4%	Reduce by 7.0%	Reduce by 7.9%	
Specific Net Dust Emission		65.8%	Reduce by 59.9%	Reduce by 67.3%	Reduce by 78.3%		
NOx		71.32%	Reduce by 64.5%	Reduce by 68.0%	Reduce by 67.6%		
Air emissions		Specific Electrical Energy Consumption (kWh/t cement)	20.9%	Reduce by 23%	Reduce by 23.8%	Reduce by 24.6%	
		Specific Thermal Energy consumption	10.5%	Reduce by 14.1%	Reduce by 14.5%	Reduce by 14.9%	
Circular economy		Alternative Fuel Thermal Substitution rate	2%	3%	5%	8%	
	Clinker factor (average % per product portfolio)	77.7%	76.8%	76.5%	77.7%		

Considering our corporate strategy, reflecting our vision and principles, we have developed organizational sustainability goals in addition to our quantitative targets. Despite the pandemic, we have continued to implement our main goals and plan for further improvement where progress is least visible. Moreover, we are seeking to expand our sphere of influence on SDGs. We strive to expand our influence on the SDGs by gradually introducing action into our daily production activities on goals such as SDG 6, by improving water quality and rational water consumption and SDG 15, by integrating biodiversity values into our sustainable development processes. Table 2 indicates our goals and progress achieved towards each goal in 2020. GRI 102-12 GRI 102-49



4. SUSTAINABILITY APPROACH

Table 2. Organizational goals and our progress

Goal	Progress achieved
People	
Workplace safety	In 2020, we have obtained ISO 45001:2018 Occupational Health and Safety certificate to get even closer to our targets in the near future.
Develop our workforce, increase number and variety of provided training programs	Due to the COVID-19, in 2020 we conducted most of our trainings remotely. Our employees also worked with the BEUMER Group during the commissioning process of the new packaging line via complete remote commissioning, using BEUMER Smart glasses, which provided visual support remotely.
Create favorable working conditions to cooperate with local suppliers	We continue to contribute to the local community by supporting local businesses to make the industry more sustainable. The share of local suppliers at Norm was over 73%, similar to the previous two years.
Supporting local community	Norm continues to implement new social initiatives in the Master's club. We held meetings with club representatives, organized training programs and events, as well as various incentive programs for active participants, providing certificates and awards. We provide charitable and sponsorship support in the regions across operating areas. Every year we support social initiatives through in-kind contributions, foundations, donations and charitable activities.
Environment	
Decrease the ratio of virgin raw materials in production	As of 2020, 91% of the limestone used in production is by-products from nearby dimensional stone-cutting quarries.
Reduce fugitive dust emissions	We regularly change bag filters in all stationary sources, generating fugitive dust emissions, to minimize particulate matter by using these filters to prevent dust formation.
Improving water quality by reducing water consumption	We have constructed a biological wastewater treatment facility and systems to recycle water in our daily operations. Our engineers continue to work on water quality so that we can reuse water in the near future.
Promote sustainable use of terrestrial ecosystems	In 2020, we planted over 100 trees in our plant territory to increase forest resources.
Economic	
Launch a new concrete center	We expect to finish construction and launch the center by 2021. Our expectation is that the modern concrete center will decisively influence the development of the local concrete and manufacturing industry.
Use new multi-chamber silo	We have finished the construction of a new silo and have already started its implementation for the testing of oil well cement and low clinker factor cement products.
Improve financial results	In 2020, we increased our revenues by 5% compared to the previous year.
Introduce new products to the market	In 2020, we started production of our new product Class L 500 cement, and continued to conduct extensive testing for oil well cement products to be launched in 2021. Moreover, an API audit was conducted in 2020 and with the milestone of producing oil well cement; we are planning to acquire full compliance with API standards in 2021.
Expansion of operational activities	In 2020, we introduced a new palletizer line for packaging, which successfully passed the necessary quality tests.

GOVERNANCE, ETHICS AND COMPLIANCE

5

- 5.1. CORPORATE GOVERNANCE
- 5.1.1. LEADERSHIP TEAM
- 5.1.2. GOVERNANCE COMMITTEES
- 5.1.3. INTEGRITY
- 5.1.4. HUMAN RIGHTS MANAGEMENT
- 5.1.5. TRANSPARENCY
- 5.1.6. COMPLIANCE
- 5.1.7. RISK AND OPPORTUNITIES MANAGEMENT

5. GOVERNANCE, ETHICS AND COMPLIANCE

5.1. Corporate governance

At Norm, we care deeply about having a strong corporate governance framework. Compliance, transparency, and integrity go hand in hand with a firm grip on corporate governance.

To ensure well-structured and successful operations of senior governance bodies we make certain to comply with relevant local legislation and international standards. Our corporate governance is committed to operating in full compliance with our Charter, and Corporate Governance Standards adopted by the Ministry of Economy of Azerbaijan in collaboration with the International Finance Corporation.

Figure 9. BoD discussion blocks



5.1.1. Leadership team

We deem our leadership team important in how well we govern our Company. It consists of two bodies: the Board of Directors (BoD) and top management.

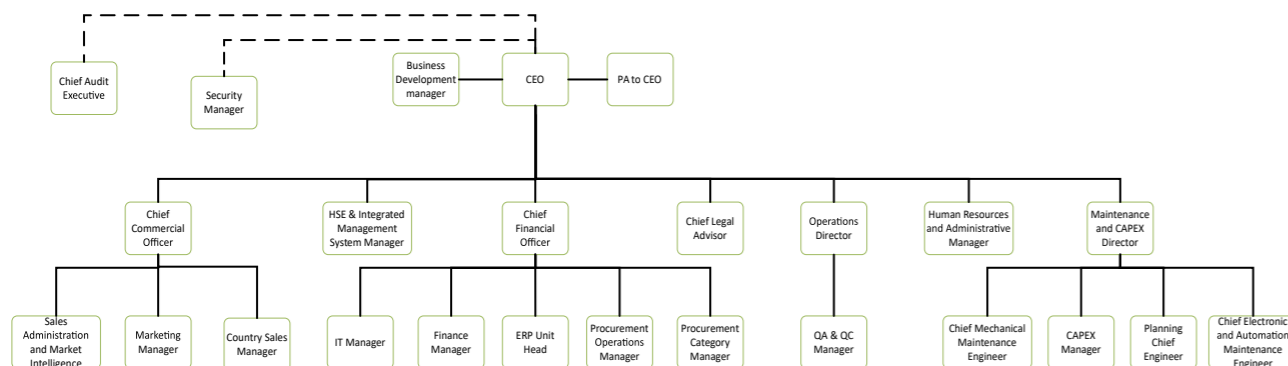
The BoD is responsible for the strategic direction, supervision, and control of Norm. In 2020, BoD has welcomed two new members. BoD meets on a quarterly basis, and upon need. In 2020, BoD has convened four times. Our BoD meetings are divided into 8 main discussion blocks shown in Figure 9. GRI 102-10 GRI-102-26 GRI-102-28

Apart from BoD, we attach great importance to being governed by a professional and skillful management team consisting of top and senior management. Top management includes Chief Executive Officer, Chief Financial Officer, and Chief Commercial Officer that manage Norm's day-to-day operations. Our top management discusses various issues amongst which is the progress towards reaching set sustainability goals, as well as social and environmental issues, showcasing the importance Norm's top governance bodies pay to the sustainability of our Company. GRI 102-18 GRI 102-27 GRI 102-29



5. GOVERNANCE, ETHICS AND COMPLIANCE

Figure 10. Organizational structure



5.1.2. Governance Committees

As a company of sheer operation's pool, we understand the importance of paying special attention to all of our operations. We have therefore established five committees to make sure each operation is given proper attention. Our committees include Human Resources Committee, Internal Audit Committee, Credit Committee, Tender Committee, and Ethics Committee. GRI 102-18 GRI 102-19 GRI 102-22

Figure 11. Governance Committees

<p>HR Committee</p> <p>Non-executive, reports to a BoD, 2 members</p> <p>Our HR Committee reflects Norm's priority to human capital as one of our biggest assets. HR Committee advises BoD on HR issues, making sure they are given proper attention. The committee sets the agenda for appropriate HR matters to be passed on to BoD, which makes the final decision.</p>	<p>Internal Audit Committee</p> <p>Non-executive, reports to BoD, 3 members</p> <p>Internal Audit Committee provides compliance updates ensuring full compliance of our operations to existent norms and standards. Moreover, to establish control, the Committee monitors the finance and operations of the Company.</p>	<p>Credit Committee</p> <p>Executive, reports to CEO, 5 members</p> <p>Credit Committee focuses on developing and executing a suitable sales strategy that suits the market climate. It also manages the Company's credit portfolio, in order to oversee the effectiveness and administration of credit-related policies.</p>	<p>Tender Committee</p> <p>Executive, reports to CEO, 5 members</p> <p>Our Tender Committee is the main body responsible for the tendering process, decision-making on selection, and procurement of goods and services. Following best practices around the world, we deem it worth having a separate committee that focuses specifically on the tendering process. Selecting an appropriate and suitable vendor is important to us from various</p>	<p>Ethics Committee</p> <p>Executive, reports to CEO, 3 members</p> <p>Our Ethics Committee is in charge of examining alleged breaches of discipline and resolving any outstanding ethical issues. We care deeply about providing positive work environment to our stakeholders, which comes hand in hand with compliance with ethical norms.</p>
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5. GOVERNANCE, ETHICS AND COMPLIANCE

5.1.3. Integrity

Integrity and honesty are our core values; therefore, Norm is committed to conducting business with the highest level of virtue. We focus on fostering an inclusive and safe work environment with appropriate discipline and no discrimination.

Norm's Code of Ethics (CoE) provides comprehensive standards that Norm employees hold themselves to the highest standards in all facets of their work. CoE is publically available on our website and highlights such issues as:

- Confidentiality and privacy;
- Giving and receiving gifts policy;
- Conflict prevention;
- Establishing and preserving a fair work environment;
- Zero tolerance towards discrimination. GRI 102-25

Corporate Governance

At Norm, we are constantly evolving and progressing, hence in 2020, we are in the process of updating and improving our Code of Ethics. In the near future, we are planning to develop a new ethics policy. GRI 102-16

We take ethical issues seriously and have therefore established a body that monitors integrity and ethical conduct of business: the Ethics Committee. We make sure the voices of our stakeholders are heard. To ensure that anyone can report ethical concerns or issues, both internally and externally, we have a speak-up hotline that connects our stakeholders to the Ethics Committee. Our hotline can be reached through our call center or directly (details on how to reach the hotline are indicated in CoE).

The reported issues are brought up, discussed within the Ethics Committee, and reported to the CEO. GRI 102-17

Moreover, we conduct yearly ethics trainings for our employees, and 2020 was no exception. Ethics trainings are conducted to all employees as a refreshment of knowledge on ethical norms and standards.

Norm has no tolerance towards any form of anti-corruption and complies with respective anti-corruption standards set by world's leading organizations such as OECD, IFC, Transparency International, ISO, and requirements set forth by the UK bribery act and US Foreign Corrupt Practices Act. In 2020, there were no cases of anti-corruption detected at Norm. Our Company is also currently working on new anti-bribery and anti-corruption policies and procedures. In 2020, we have started acquiring the ISO Anti-Bribery Management System Certificate, which is currently underway. API audits and the qualification process also fostered a transparent environment for us at Norm. The acquisition of such certificates will further showcase our transparency. GRI 205-2

5.1.4. Human rights management

We recognize the importance of respecting fundamental human rights such as labor rights, rights of minority groups, and the right to the safe workplace. Norm complies with 14 articles of the European Human Rights Convention. We also work in compliance with other organizations that the Republic of Azerbaijan is a member of. No cases of human rights violations, child labor, forced or compulsory labor were detected in 2020. GRI 406-1 GRI 408-1 GRI 409-1 GRI 412-1



5. GOVERNANCE, ETHICS AND COMPLIANCE

5.1.5. Transparency

In order to promote a transparent environment, Norm is committed to reaffirming transparency in our business conduct. We undergo numerous audits and publish various reports that highlight our persuasion of transparency.

Every year, Norm issues publically available financial reports as well as sustainability reports.

Moreover, as we have become an OJSC, we regularly report to Central Bank regarding corporate governance, financial statements, and compliance with security market regulations. We also conduct regular reports to the Ministry of Ecology and Ministry of Emergency Situations.

Norm undergoes yearly tax audits from the government of Azerbaijan Republic and resolves any presented findings.

5.1.6. Compliance

Our legal compliance ensures lawful operations. Norm is fully in compliance with the Laws of the Republic of Azerbaijan as well as adaptations of the provision set by the International Labor Organization and United Nations.

To make sure every one of our employees complies with regulations, any appropriate legal changes are communicated to everyone via e-mail.

Apart from legal compliance, we comply with industry-related standards to keep ourselves competitive in the international market. We are currently working on adhering to API standards and undergoing audits to receive API Spec Q1 certification in 2021. Norm is also a members of European Cement Research Academy and Turkish Cement Manufacturers Association, which helps better comply and stay in line with appropriate industry tendencies. GRI 102-5 GRI 307-1 GRI 319-1

5.1.7. Risk and opportunities management

Although risks are hard to predict, we at Norm try our best to avoid their consequences as much as we can. The responsibilities of the H&S and IMS Department include identifying, controlling, and responding to risks that arise in the course of our business conduct. In 2020, we have developed a new Contingency Planning model, which applies to all Company processes and activities in order to identify possible risks and threats with impact on delivery and quality of products, control measures and actions to be taken, recourses to be used when responding to a critical incident are in place. The objectives of Contingency Planning are:

- Minimize the impact of a disruption to critical functions and impacts on customers, employees, and other interested parties;
- Resume priority services within pre-defined timeframes;
- Restore full capabilities as quickly as possible;
- Identification and assignment of responsibilities and authorities;
- Maintain internal and external communication controls.

We identify five main risk categories in our operations. According to these categories, we have developed possible risk mitigation and reduction strategies that we follow. GRI 102-11 GRI 102-15



5. GOVERNANCE, ETHICS AND COMPLIANCE

Figure 12. Risk categories



Even though we strive to predict all possible risks, in 2020 Norm has faced the COVID-19 pandemic and the associated unpredictable risks. Although the pandemic has affected the ability of our employees to work from the office, it has not posed any substantial risks in terms of sales and production. GRI 102-30



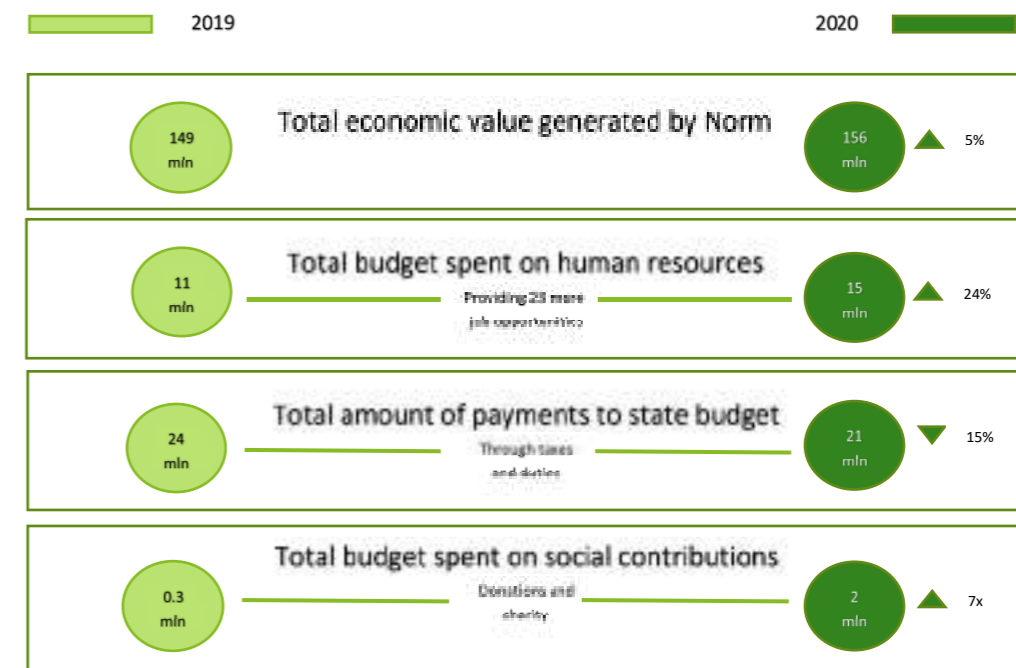
ECONOMIC PERFORMANCE

6

6. ECONOMIC PERFORMANCE

As one of the largest cement producers in Azerbaijan, Norm holds an important part of value creation to the overall economy in a variety of ways. We promote economic development through revenue generation, as an employer in the local labor market, as a taxpayer, and as an investor. The following metrics have been selected to reflect the direct, indirect, and induced impact of Norm's operations on people and the economy. GRI 201-1

Figure 13. Economic performance trend, AZN



We have developed our long-term strategy based on continuous growth and effective sustainable production. In this context, despite the challenges brought by the COVID-19 pandemic, the Company has completed the 2020 fiscal year with solid performance owing to high product quality, the large sales volume of the bag and bulk products, and strong customer and supplier relations. In 2020, our cement production has increased 4% and the Company has generated 5% more revenue compared to the previous year. The total economic value retained has slightly decreased compared to the average figure reported in the previous year, due to an increase in the cost of raw materials, operational expenses, and social expenses. GRI 201-3

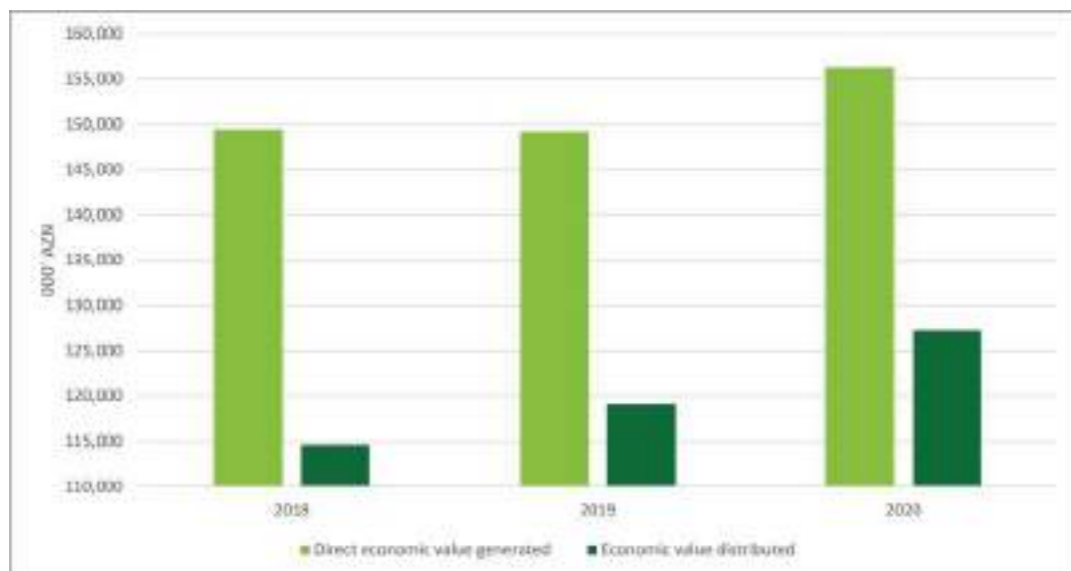


26.6 mln AZN
Direct economic value retained



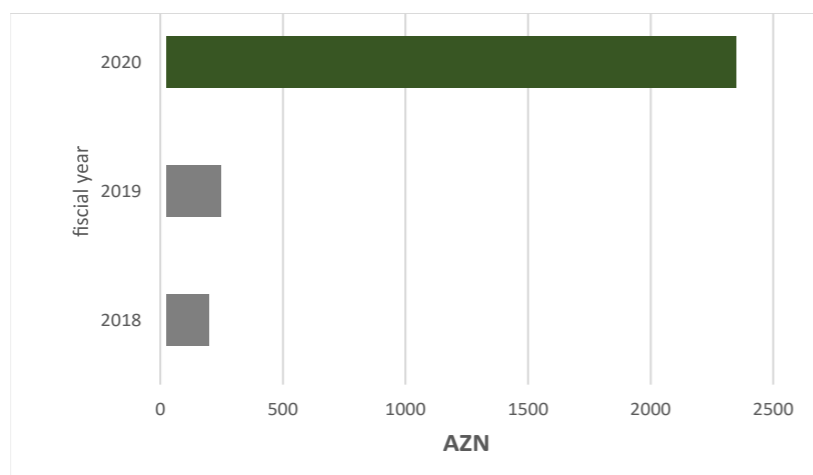
6. ECONOMIC PERFORMANCE

Figure 14. Economic value generated vs distributed, AZN



Norm effectively manages its tax responsibility with full transparency and in a sensitive manner. In 2020, the Company paid an overall 21 mln AZN contribution to the state budget in taxes, duties, and social protection expenses. As part of its social responsibility commitments, Norm continues to support low-income families, children, and the elderly in need of special care through monetary and non-monetary assistance, donations, and fund transfers. In 2020, the Company's social expenses have boosted up by seven times compared to the previous year. A more detailed explanation regarding community support is given in the "Community support" section of this Report. GRI 201-3

Figure 15. Social expenses trend, AZN



OUR PEOPLE



- 7.1. PERFORMANCE AND TALENT MANAGEMENT
- 7.2. EMPLOYEE DEVELOPMENT
- 7.3. COMPENSATION AND BENEFITS
- 7.4. EMPLOYEE SATISFACTION AND ENGAGEMENT
- 7.5. DIVERSITY AND INCLUSION



7. OUR PEOPLE

Contribution to UN SDGs



7.1. Performance and talent management

Norm is always striving to be a better employer. We care about our people and will put effort into our employees' development, making sure to reinforce diversity and inclusion. Our employee number is growing every year, totaling in 293 employees at the end of the reporting period. Norm believes that an investment in our people is an investment in the development of our Company. We aim to provide the best possible environment for our people's improvement and growth. To make sure we operate with integrity our Human Resources (HR) team is responsible for full compliance with the Labor Code of the Republic of Azerbaijan. At Norm, all of our employees are expected to follow our Code of Ethics to ensure the highest level of integrity in the workplace. We have developed a series of elaborate internal policies to make sure the management of employees is more structured and thorough. Our separate HR Committee deals with appropriate HR matters to make sure proper attention is given to such issues. GRI 102-21 GRI 401-1



7. OUR PEOPLE

7.2. Employee development

The performance of our company most certainly depends on the skills, experience, and conduct of our employees. To deliver the highest level of performance, we always must give our employees the opportunity to develop. We strive to provide our employees with constant support and knowledge to achieve an outstanding outcome.

In 2018, we launched a Human Resources Management system, which helps us manage our people appropriately and give them the best opportunities. Our Human Resource Management system includes a grading system, talent management, and employee engagement survey. As part of the succession management process, our leadership developed a program for senior staff, therefore increasing the management commitment to sustainable performance.

Our employees' performance objectives and goals are aligned with the Company's purpose and tailored to each employee specifically. Each employee is assigned individual and corporate KPIs that help themselves as well as the management track their performance.

KPIs help our management make a fair judgement on employees' performance. Every Norm employee receives consistent performance and behavior reviews at least once a year. This helps the employees to see their shortcomings and better develop themselves. It also helps the management to be aware of improvements that need to be taken to eliminate these shortcomings.

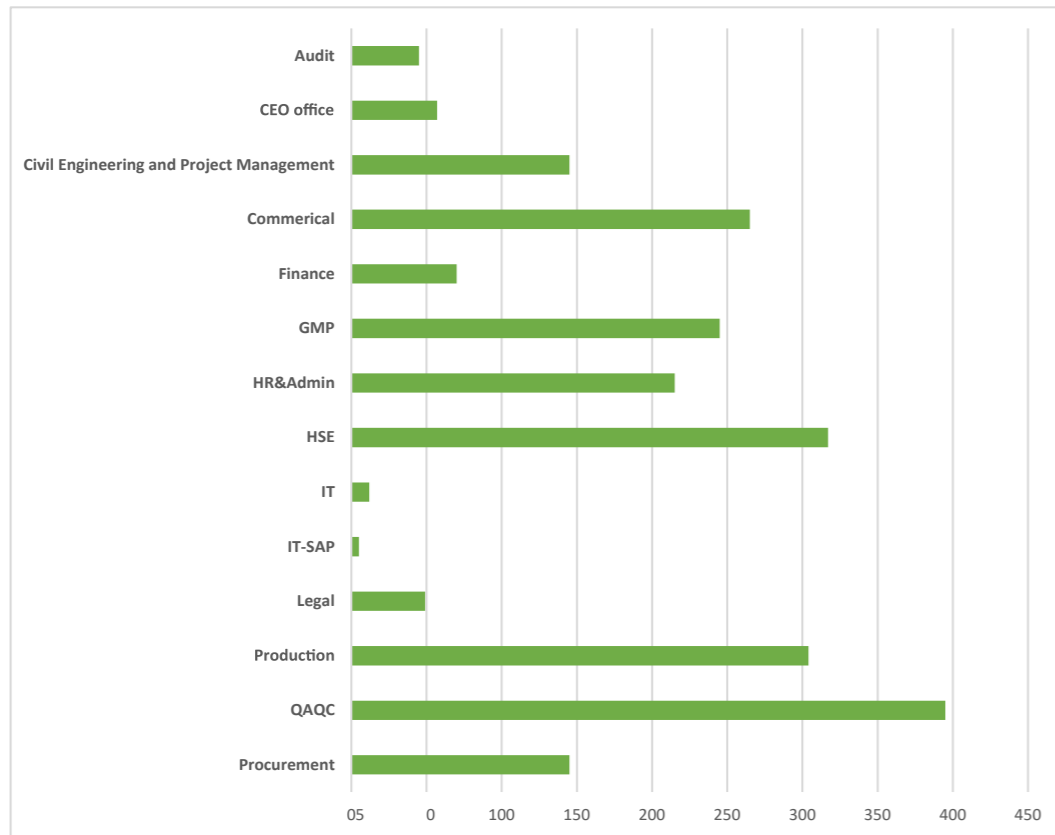
In 2020, we have established a coaching program to develop further the careers of our employees. It is currently open for the use of top executives and senior management. The program enables access to self-development plan, progress, and other relevant targets.

Within the Technical department, we are planning an establishment of a rotation program. This program will enable the rotation of employees within the department and will facilitate knowledge exchange and improvement.

Certainly, a big part of our employee development is the provision of training programs for our employees. The outbreak of the COVID-19 pandemic has posed difficulties in the process of conducting trainings offline therefore training hours for 2020 have significantly decreased. As the pandemic progressed, we have started to adapt to the situation and have started to conduct trainings online. Unfortunately, due to the specificity of some training types, it is harder to hold them virtually. We aim to use all resources present to us to decrease the disruptions posed by the pandemic. GRI 404-1 GRI 404-2

7. OUR PEOPLE

Figure 16. Total training hours by departments



7.3. Compensation and benefits

Norm wants to provide leading opportunities to its employees and foster a favorable work environment. To improve further the motivation of our employees we understand the importance of compensations and benefits.

Within the partnership scope with Korn Ferry, Norm has developed a common grading framework. This grading system is now used for bonus allocation, promotion purposes, and other monetary rewards.

To keep the company morale high we make sure to provide social benefits to our employees. All of our employees are provided with medical insurance. Part-time employees are provided with the same benefits as full-time employees. Moreover, the families of the employees are also provided with benefits. Norm also provides free meals for employees during the working day. There are shuttle buses, which can be used by employees for convenient transportations. Some employees are given cars and phones depending on their grade. Foreign employees are provided with accommodation and free round tickets to their home country once a year. GRI 401-2 GRI 102-37

7. OUR PEOPLE

In 2020 Azerbaijan has faced the difficulties of Second Karabakh War and its consequences. Four of our employees have participated in this war. Moreover, Norm has played a role in minimizing such consequences and helping the community. Special packages, monetary compensation, and medical treatment was provided to veterans and families of martyrs.

The outbreak of the COVID-19 pandemic has posed risks to our employees that we aim to compensate for and avoid. For the convenience of our employees, we have switched to remote working where possible, and where fieldwork is required, we have switched to working by shifts. All virus-related matters are communicated via e-mail to every employee. We provide such elements as the increased amount of services buses for the safety of our employees, monetary compensations, fuel cards for employees' personal vehicles, free COVID testing and treatment reimbursement after COVID-19 infection.

7.4. Employee satisfaction and engagement

We care about the satisfaction of our employees and we think a big part of it is appropriate employee engagement. Not only does it help our senior management understand its employees and the Company better, but it also fosters a transparent environment.

In 2020, we continued to conduct employee satisfaction survey. The survey had eight questions regarding the satisfaction of employees on main matters within the company.

Six out of eight areas were answered with an 80% or above satisfaction rate. The respondents are also able to leave comments. This survey gives a chance to our employees to voice their concerns and gives a chance to our management to improve the Company.

Moreover, we regularly hold "Town hall meetings", where employees can raise their concerns in front of the HR team. The concerns are noted and dealt with appropriately, making sure senior management is aware of them. Employees can also address any queries to their managers, relevant offices of Norm, or the Ethics Committee. GRI 102-33

7.5. Diversity and inclusion

We aim to create a workplace where everyone feels valued and respected. It is important that our company is based on equality and inclusion and we aim to promote these values. We advocate for equal rights among our employees and do not condone discrimination of any kind. GRI 406-1 Although due to the nature of our work, it is sensible that fewer women are employed; in Figure 18, we can see a slight rise in female employment numbers.



7. OUR PEOPLE

Figure 17. Total number of employees, male

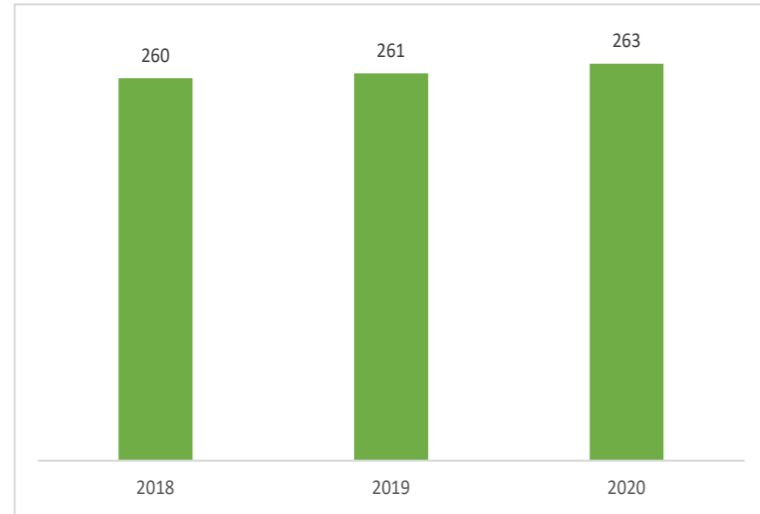
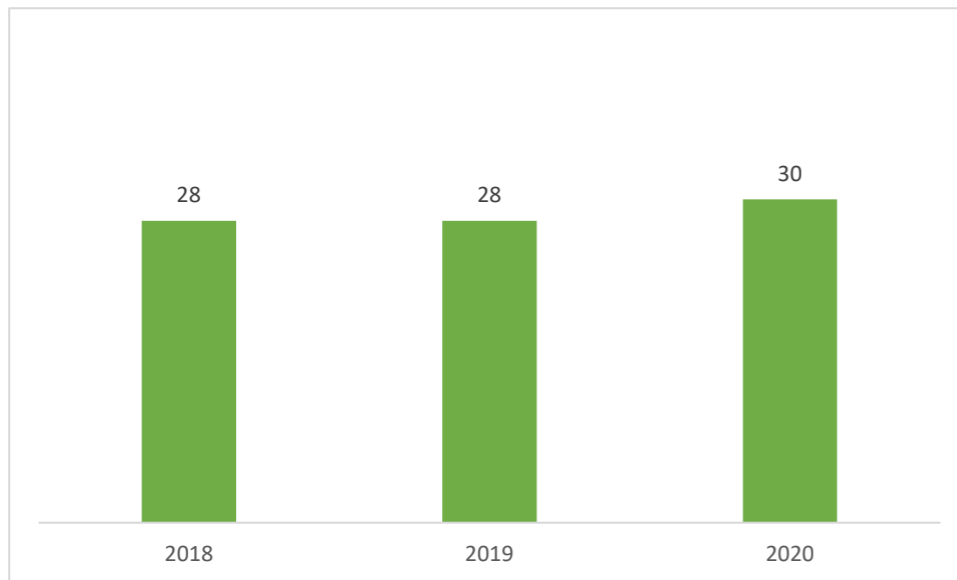


Figure 18. Total number of employees, female

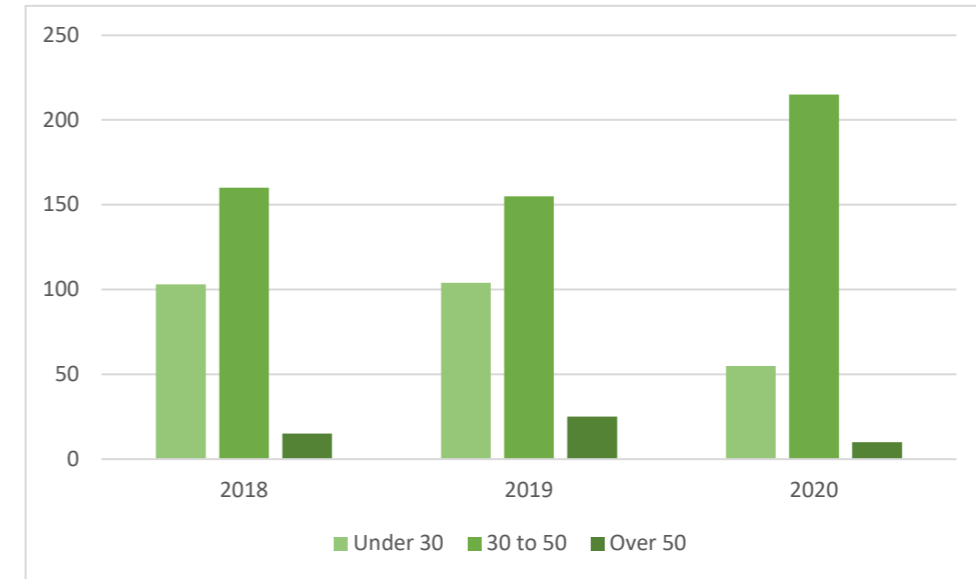


Among age groups, the most represented group is of employees between the age of 30-50. Figure 19, shows a full representation of the employees based on age.



7. OUR PEOPLE

Figure 19. Total number of employees by age



At Norm, we want to give everyone an opportunity, regardless of his or her background and health condition. We provide with employment minor groups and accommodate the necessary conditions for our employees with special needs who constitute 2% of our total employees. Also, in 2020, the number of internally displaced people amounted to 19, which is higher than the last year. GRI 102-8



COMMUNITY SUPPORT

8

8.1. SOCIAL CONTRIBUTIONS

8.2. MASTER'S CLUB

8.2.1. CLUB'S ACTIVITIES IN 2020

8.2.2. DIGITALIZATION

8. COMMUNITY SUPPORT

Contribution to UN SDGs



Our social beliefs rely on the idea of helping people and improving the living standards in the regions where we operate. The Company actively promotes community-oriented operations and strives to contribute to public welfare undertakings, aiming at growing together with communities to achieve coordinated economic, environmental, and social development

■ 8.1. Social contributions

In 2020, we continue to perform our commitment to social activities and work as a good corporate citizen to achieve a harmonious relationship with the rest of the society we are part of. Our social contributions address key needs of the local community such as support for infrastructural and constructional development, sponsorship for education and economic development programs, and organization of social events. In this context, compared to previous years, social expenses distributed through in-kind contributions, funds, donations, and charity activities have rocketed up by seven times in comparison to the previous reporting year. GRI 102-12 GRI 203-1 GRI 204-1

 **2 mln AZN**
spent on social contribution

Norm provides charitable support to the regions across operating areas. The following diagram demonstrates the scope of the social activities conducted by the Company in 2020. GRI 413-1





8. COMMUNITY SUPPORT

Table 3. Key areas of Norm's social contributions

Selected social initiatives	
<p>Infrastructural development</p>	<p>We recognize the importance of regularly interacting with the residents of the regions and focusing on the interests of territories and local communities. Regarding this aspect, it is noteworthy to mention Norm has implemented series of activities to maintain social-constructive support by providing cement to different regions and by covering renovation.</p>
<p>Sponsorship</p>	<p>Norm pays special attention to sponsorship activities and provides ample support to projects aimed at developing science, education, and the local film industry. In 2020, Norm continued to carry out its activities in this scope:</p> <ul style="list-style-type: none"> • The Company maintains its constant sponsorship for educational TV programs; • Norm also began to support the local film production industry by providing sponsorship.
<p>Community involvement</p>	<p>The Company provides special concern and cares to elderly, lonely, and low-income people. By the scope of these activities, the Company invites everyone to treat the elderly and lonely people and those who are in need of special attention and care in a sensitive way:</p> <ul style="list-style-type: none"> • Norm provided food aid to 350 low-income families in Bina settlement and Garadagh; • During the holy Gurban and Ramadan Holidays Norm has sent gift and products to 100 families in Garadagh.
<p>COVID-19 initiatives</p>	<p>The Company sees the pandemic situation as a global problem requiring a response and is undertaking a variety of initiatives to support efforts against COVID-19. Thus:</p> <ul style="list-style-type: none"> • The Company donated one million AZN to the Fund to Support the Fight against Corona-virus; • Online training is provided to the members of Norm Masters Club, special protective equipment is distributed to them, and they are informed about personal hygiene and social isolation rules; • Norm also supports its partner companies by providing medical masks and disinfectants to its customers and encourages them to apply self-isolation rules to prevent infection.
<p>Environmental projects</p>	<p>Environmental campaigns have been held at Norm throughout the Company's existence and are a part of our corporate culture that is loved by employees. As part of these events, in 2020 our employees and partners traditionally continued to plant trees in the plant area.</p>
<p>Sustainable relations</p>	<p>To foster sustainable working with peer companies, Norm commenced an initiative for the establishing Cement Association in Azerbaijan. The main sustainability goals planned for the activities of the association are safety measurements, waste management, circular economy, knowledge sharing and support for the development of the cement industry.</p>

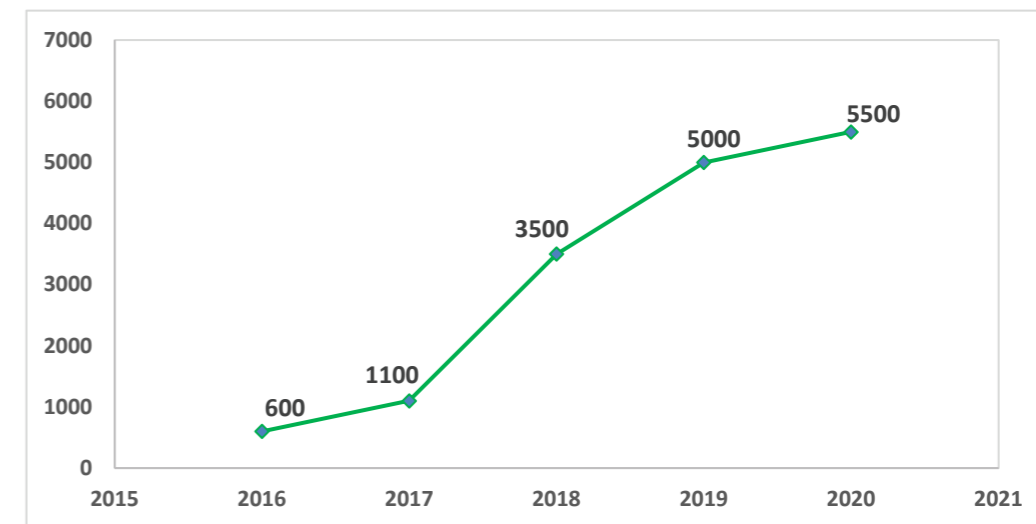


8. COMMUNITY SUPPORT

8.2. Master's club

With the voice of one of the key stakeholders – end-users as our top priority, we design communication channels that would cultivate a profound relationship with customers and users of our products. In this respect, over the past 5 years, Masters Club has evolved as one of our major corporate social projects dedicated to increasing awareness about our products' features. The club's activities enable us to receive first-hand feedback about the quality and usage of the products. Despite the large variety of actions and social programs held by the club, our main priority stays the same; support the community to improve their knowledge and skills, and motivate masters to take a step in social commitment. We are delighted to emphasize that as a result of the successful implementation of the club's activities; in 2020 number of masters in the club has significantly increased.

Figure 20. Trend in number of masters per years



Our masters are passionate about engaging in their communities, and we encourage them to contribute to the communities by introducing new initiatives inside the club.

8. COMMUNITY SUPPORT

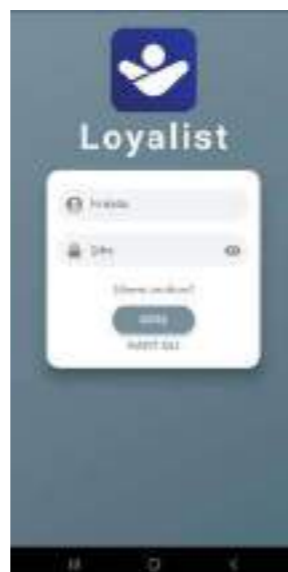
8.2.1. Club's activities in 2020

Activity	Description
<p>Meetings with club's masters</p>	Meetings with active masters were conducted in different regions four times during the reporting year. Areas from a variety of topics were discussed throughout meetings, including the pandemic impact on their activities and the role of ambassadors in the sales. The aim was to increase brand awareness, support sales in the regions, and demonstrate care and moral support.
<p>Competition for masters' children</p>	Handicraft competition was held for masters' children and winners were awarded.
<p>Trainings for masters</p>	Trainings were conducted mainly online on different topics for masters' enlightenment.
<p>Certification and awards</p>	Active and loyal masters were awarded for their activity inside the club.
<p>Lottery and bonus program</p>	According to the usage of cement bonus program and lottery program has conducted. This scope of activities supported an increase in sales.
<p>Corporate acknowledgement</p>	Masters were informed about corporate actions, COVID-19 impacts through a phone call, email, and SMS.

8.2.2. Digitalization

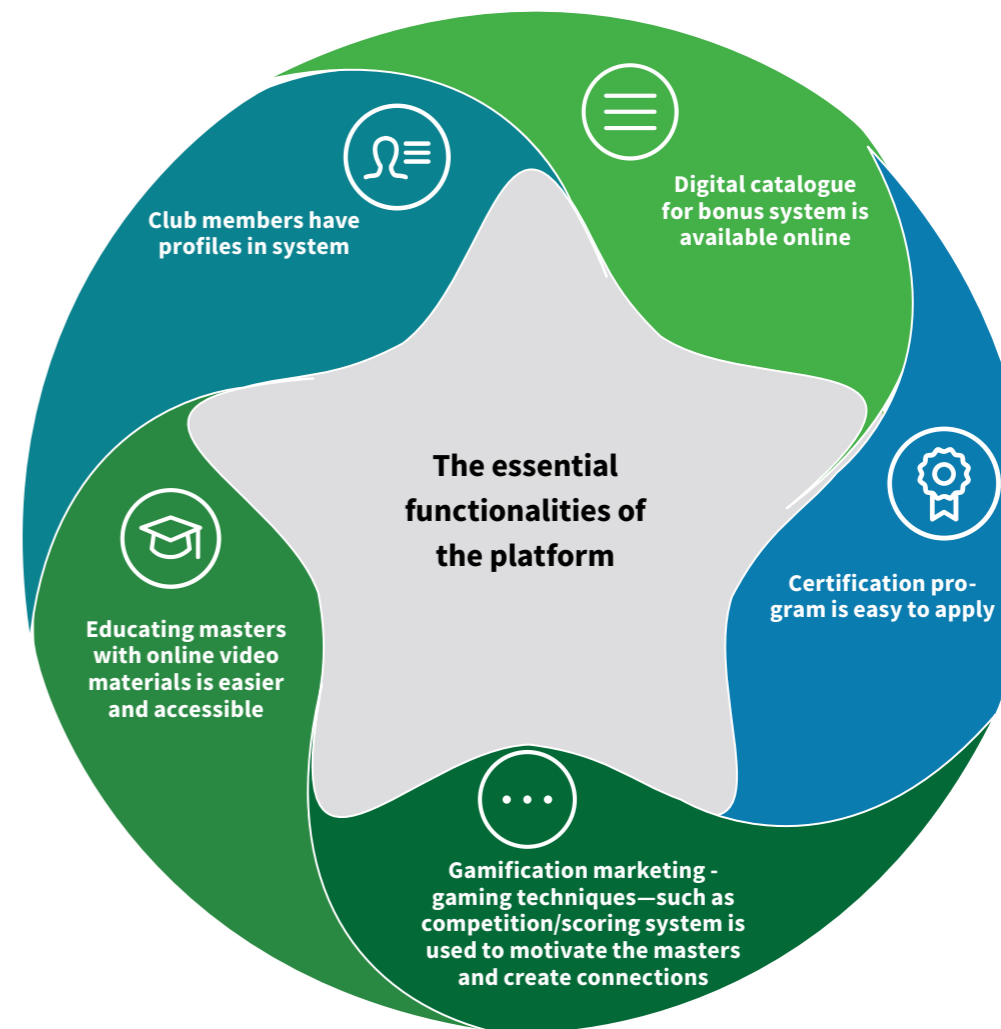
In 2020, another main priority for the Master's club was the digitalization initiative. Online platform for the activities of Master's club was a crucial step for the club's operations from different perspectives:

- * Digitalization of Master's club can improve the efficiency of management process and consistency;
- * Connectivity and digitalization are crucial in the period of the COVID-19 crisis;
- * The mobile application can enable the Company to reach and work with big data;
- * The platform will intensify the connection between brand and masters. Taking into consideration these criteria, Norm introduced its new application -the "Loyalist" platform to club members. The application sums total of a place for exchanges of information, to access a wide range of operational components of the club.



8. COMMUNITY SUPPORT

Figure 21. Functionalities of "Loyalist" application



9. SAFETY AT NORM

Contribution to UN SDGs



NORM is certified under the internationally recognized Occupational Health and Safety Management System Certificates (ISO 45001:2018).

9.1. Safety culture

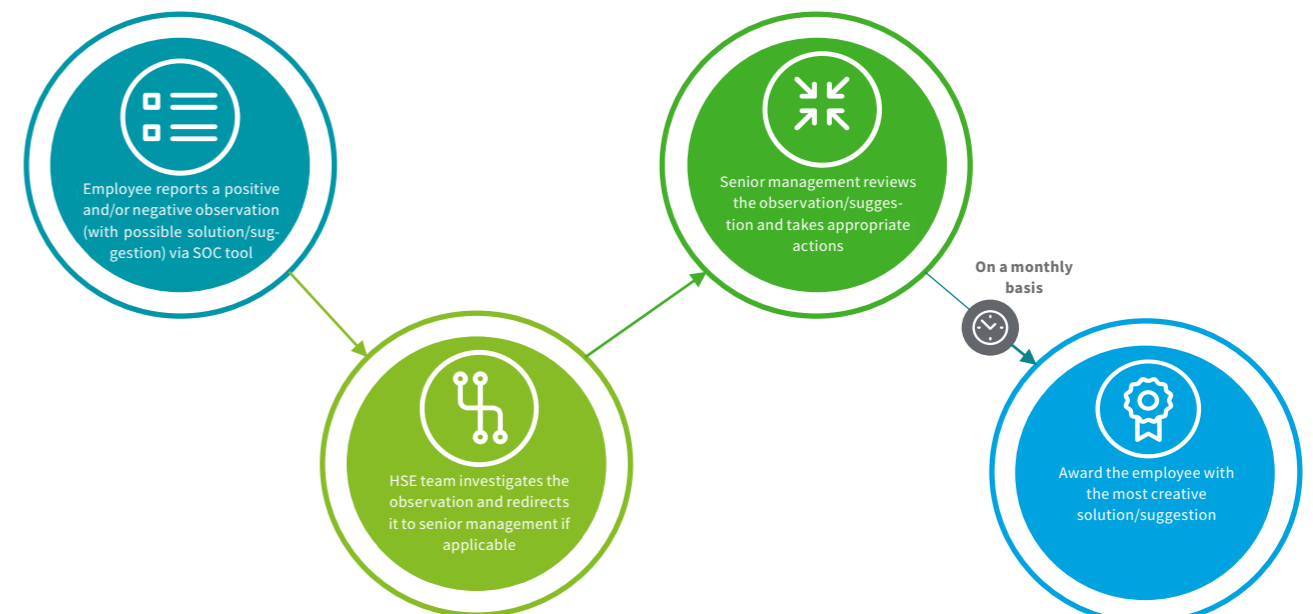
At Norm, we care about the Health and Safety (H&S) of all of our stakeholders. We are committed to reducing and eliminating any harmful and dangerous elements that might arise in the course of our business.

Our HSE and IMS department are the main bodies responsible for H&S issues, with its main responsibility of detecting, analyzing, and preventing dangerous elements in our operations. The department makes sure that everyone works in compliance with H&S norms set in our QHSE (Quality, Health, Safety, and Environment) policy. To confirm our full compliance with HSE norms, we have daily inspections that help us better identify and prevent risks associated with H&S. Since the start of our operations, we are proud to state that NORM has recorded zero fatalities. GRI 102-21 GRI 403-1

14th year without fatalities

Our top management is actively involved in H&S issues. Safety matters are one of the main topics discussed in our quarterly BoD meetings. Our senior management plays a key role in communicating the importance of H&S at NORM. We make sure that every voice counts and every employee can make a change. NORM has developed a mechanism that informs top management of ongoing safety concerns. To help us do so, our HSE department continues to apply Safety Operations Card (SOC) system. SOC allows employees to report any incidents or dangerous situations, as well as any positive observations. In addition, employees are able to propose suggestions and recommend solutions. GRI 403-4

Figure 22. SOC reporting process



SAFETY AT NORM



- 9.1. SAFETY CULTURE
- 9.2. HEALTH AND SAFETY TRAININGS
- 9.3. SAFETY MANAGEMENT
- 9.4. HEALTH AND SAFETY RISK MANAGEMENT
- 9.5. SAFETY DURING THE PANDEMIC



9. SAFETY AT NORM

In 2020, we have received 20 complaints through SOC, with all of the complaints being resolved. To promote the use of SOC and the involvement of employees we have continued to implement the monthly recognition program, which awards employees with the most efficient and creative solutions recorded through SOC. GRI 403-1 GRI 403-4 GRI 403-6

9.2. Health and safety trainings

We support the improvement of H&S at NORM by raising awareness and providing all necessary information to our employees in order to fully comply with H&S standards. We are committed to doing so with our regular training courses, which also improve the safety culture at Norm. Unfortunately, due to the outbreak of the COVID-19 pandemic, we were unable to comply with our yearly training plan, although some trainings were carried out online.

In 2020, we have provided the following H&S trainings: GRI 403-3 GRI 403-5

- Emergency and occupational health and safety education;
- OHSAS 18001 - ISO 45001 Transition Training;
- Emergency response preparedness;
- NEBOSH Process Safety;
- Authorized Gas Tester for confined spaces;
- Radiation Safety;
- Gas cylinder safety & inspection;
- Environmental Protection;
- API Q1;
- ISO 37001:2016 - Anti-bribery management systems Auditor;
- ISO 9001 Lead Auditor.

9.3. Safety management

Full compliance with standards and norms is one of the most important aspects of ensuring we have a safe work environment. We are in full compliance with the Labor Protection Act and Labor Code of the Republic of Azerbaijan, International Labor Standards, and Occupational Health and Safety codes of practice. We also work in conformance with the Occupational Health and Safety Management System standard: ISO 45001:2018. Having undergone ISO and API audits in 2020, we are now working to resolve found observations. GRI 403-1

We strive to minimize injuries occurring in the course of our business. Norm has operated for 14 years with zero fatalities. Unfortunately, we had two injuries that resulted in the loss of working days. Due to the nature of the incidents, the LTI severity rate has increased to 1389.2403% (per 1,000,000 hours worked). The reasons for accidents were investigated and according safety measures were taken to avoid similar accidents in future. We are striving and aspiring our best to decrease this escalation and are always working on improving our safety measures. Figure 2 illustrates our main health and safety indicators for 2018-2020. GRI 403-9 GRI 403-10



9. SAFETY AT NORM

Table 4. Health and safety Indicators

Health and safety	2018	2019	2020
Fatality Rate (Per 10,000 employees)	0	0	0
LTI frequency rate (Per 1,000,000 hours worked)	0	1.81	4.07
LTI severity rate (Per 1,000,000 hours worked)	0	10.86	138.24
Total Injury Frequency Rate (Per 1,000 employees)	10.4	10.38	13.88

9.4. Health and safety risk management

As a production company, we face many risks in the course of the production cycle. To make sure our employees are well aware of the risks they might pose, for each task employees are provided with work orders that list health and safety rules to be followed.

Throughout our operating years, we have identified a pattern and have established six major risk types that can lead to high-consequence injuries:

1. Fire and Explosion;
2. Risks associated with manual removal of cyclone jamming;
3. Work in confined spaces;
4. Dust and vibration;
5. Risks associated with the transportation of raw materials and the final product;
6. Working at height.

We have developed certain mechanisms, initiatives, and solutions for each of the risk types that all of our employees comply with. We keep LTI and First Aid registers to help us note and report correctly the incidents, and take the appropriate actions. GRI 403-2 GRI 403-3 GRI 403-7

9.5. Safety during the pandemic

The outbreak of the COVID-19 pandemic has certainly posed risks in regards to health and safety at NORM.

We were quick to adopt preventive measures to ensure we minimize the risks of the pandemic. We have established detailed guiding principles and instructions for our employees in the office, at the plant, and for third parties, we work with. All of our workers have to undergo mandatory informative instructions regarding COVID-19.

We carry out regular communication via e-mail to all employees regarding COVID-19, to ensure everyone is well informed on the virus and the COVID-19 action plan.

We have switched to remote working, to prevent the spread of the virus. The switch to remote working was developed beforehand and was conducted in accordance with our Business Continuity Plan developed by H&S and IMS department, therefore the switch was easily implemented. Due to COVID-19, the usage of our service buses had to be altered. We have created detailed guidance for the usage of our service buses. The number of services buses has been increased to



9. SAFETY AT NORM

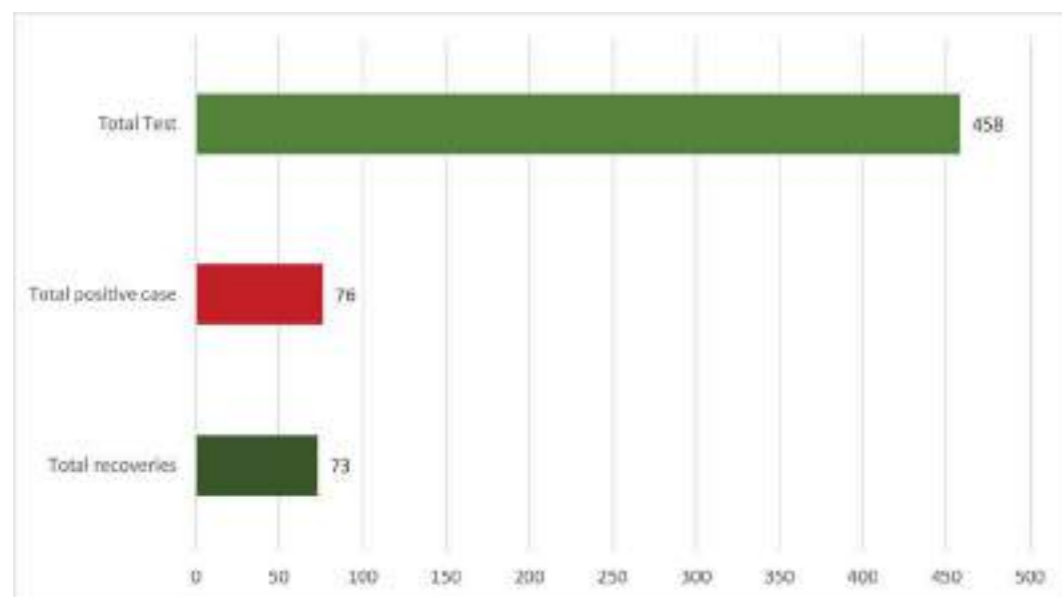
maintain safe distance inside them. Employee temperatures must be checked before entering the shuttle buses and employees are not allowed to enter the buses without masks. The buses should be regularly disinfected by the drivers. Passengers should abide to social distance inside the shuttle buses.

We have also implemented the following measures to ensure the highest level of health and safety against the virus:

- Free COVID-19 testing to all of our employees;
- Daily workplace, plant, service bus disinfections;
- Informational signs on sites;
- COVID-19 alert e-mails;
- Body temperature checks;
- Material provision as hand sanitizers, masks, etc.
- COVID-19 preventative trainings.

We keep a thorough COVID-19 cases register to make sure we are aware of all COVID-19 cases and contact trace all of the possible infections to help us deal with the virus in the best way possible.

Figure 23. COVID-19 statistics



As of May 2020, we have conducted 458 tests. As observed in the graph above we have confirmed 76 positive COVID-19 cases, 73 of which have totally recovered and three are in the process of recovery. We have not faced a serious case of the COVID-19 virus. GRI 403-2 GRI 403-3 GRI 403-5 GRI 403-6 GRI 403-8

At Norm, we are planning to closely monitor and facilitate the vaccination of our employees. We are also aiming to conduct trainings on vaccination to make sure our employees are knowledgeable on the issue.



ENVIRONMENTAL MANAGEMENT

10

- 10.1. IMPACT ON CLIMATE
- 10.2. AIR POLLUTANTS
- 10.3. WATER CONSUMPTION
- 10.4. WASTE MANAGEMENT
- 10.5. LAND AND BIODIVERSITY

10. ENVIRONMENTAL MANAGEMENT

Contribution to UN SDGs



At Norm, we are committed to operating our business processes in a way that demonstrates our dedication to global environmental sustainability and improving our environmental performance on an ongoing basis. We are actively working to set a leading example in the cement industry by reducing the adverse impact of our activities and encouraging others to do the same. Norm strives to reduce its environmental impact and continually improving our environmental performance as an integral part of our business processes and operating methods. Environmental principles in Norm are based on compliance, consideration of environmental factors, people involvement, and monitoring to ensure effective long-term management.

Figure 24. Our main environmental principles



Monitoring and improving results are fundamental for providing the efficient functioning of today's ecological system in Norm, for all stakeholders' benefit in achieving long-term sustainable growth.

We are aware of our responsibility to the environment beyond legal and regulatory requirements. Thus, we implement our environmental management processes in accordance with current applicable laws and regulations of the Republic of Azerbaijan. Likewise, our environmental management processes comply with all relevant decrees of the Ministry of Ecology and Natural resources and industry best practices such as the environmental guidelines of GCCA. GRI 307-1 Norm is continuously improving its environmental management system, in particular through compliance with the requirements of international standards. In 2020, we were certified to the ISO 14001 Environmental Management standard, which demonstrates our ability to regulate the environmental impact of our activities.



10. ENVIRONMENTAL MANAGEMENT

Figure 25. Key benefits of ISO 14001 certification



Norm's QHSE policy and environmental procedures are key mechanisms, which establish our position in addressing major issues associated with the environment and define a commitment to minimizing the environmental impact of our operations, preventing pollution, and continually improving the management of our operations.

Moreover, the implementation of our internal regulations allows us to fulfill the Company's short, medium, and long-term commitments to responsibly managing the environmental characteristics of production. The Company's environmental impact covers various aspects that affect the environment, in particular energy and water consumption, raw materials, hazardous and non-hazardous waste, polluting emissions, and biodiversity.



10. ENVIRONMENTAL MANAGEMENT

10.1. Impact on climate

As the economy grows and riches, the demand for cement products is growing rapidly. Norm is committed to improving its business while decreasing carbon intensity, from production processes, fuel uses, and its product end-use. Thus, the key priority for us remains combating climate change, which impact on ecosystems affects the quality of life for local people in communities, as well as consumer choices. GRI 305-4

Most of the Norm's greenhouse gas emissions (GHG emissions) come from two sources - fuel consumption and production of clinker. Every year we continue to work on the quality of our products while reducing the clinker factor of each of them. In 2020, we managed to reduce the clinker factor for cement classes C and S compared to the last two years. In addition, based on consumer demand, we introduced a new product - Class L 500, which successfully passed the necessary quality tests. Moreover, we have successfully passed the main part of the API audit for the production of oil well cement and expect to receive the API Spec Q1 certificate in 2021.

Table 5. Clinker factor by cement classes

#	Clinker Factor	2018	2019	2020
1	Average clinker factor, %	78.2	78.7	77.64
1.1	Class A	76.60	77.39	78.33
1.2	Class B	64.66	65.57	65.62
1.3	Class C	86.95	87.55	86.19
1.4	Class S	86.77	87.78	84.80
1.5	Class 1	0.00	87.55	91.23
1.6	Class L	-	-	84.21

We strive to consume less energy per ton of product, mainly using modern combustion technologies and increasing the efficiency of our processes. Our activities are carried out in accordance with the regulations for the reduction of harmful gas emissions (Environmental Protection Act and Environmental Protection Ordinance - REP). Norm continues to use natural gas in production, as its negative impact is significantly lower than from other fuel sources. Yet, natural gas is an exhaustible natural resource, so in the near future we plan to use alternative sources in our production. To this end, Norm evaluates the viability of identified options for the use of alternative fuels and raw materials, as well as conducting research to further transition to alternative sources such as wind, hydroelectric and solar energy to reduce the adverse impact on the ecosystem. GRI 302-1 GRI 302-4

By 2020, our total natural gas consumption, including energy used for clinker production, was 139 million cubic meters. Compared to previous years, there has been an increase in direct CO2 emissions due to the expansion of cement production and the introduction of a new type of product. Moreover, the pandemic and remote work have not had a major impact on CO2 emissions per unit of production. Table 6 presents the specific CO2 emissions for the last three years 2018-2020. GRI 305-1



10. ENVIRONMENTAL MANAGEMENT

Table 6. Total and specific direct CO2 emissions

#	GHG emissions	2018	2019	2020
1	Total Direct CO2 Emissions (Metric Tons/Year)	847,047	881,202	1,068,237
2	Specific Direct CO2 Emissions (KG/Ton Cementitious Production)	564.9	568.6	570.53

About 65% of carbon dioxide emissions of the cement sector are due to the calcination of raw materials, mainly limestone calcination. The remaining 35% are emitted by fuel combustion. Based on this, we continue to develop a plan to reduce CO2 per ton of cement-based on the Sustainable Development Scenario of the International Energy Agency. GRI 305-5

Figure 26. Waste management process



One of the most important ways to reduce CO2 emissions from cement production is to use alternative fuels. We are gradually moving on to consider additional options for processing alternative fuels and raw materials, and shortly, we plan to create an alternative clinker technology. Thus, we aim to introduce the use of alternative energy sources in Norm, which will help us achieve our action to reduce CO2 emissions by 2030.

10.2. Air pollutants

We care about how we affect the community around us and regulate that our activities do not pose a danger to the population. The location of our factory away from the residential area helps to minimize the adverse impact on the residential population. Our dedication to finding optimal solutions for environmental monitoring processes and our duty of quality are what distinguishes us in the cement industry.



10. ENVIRONMENTAL MANAGEMENT

We continue to conduct third-party audits with AZECOLAB to validate our online emissions analyzer and runs an independent chimney emission-monitoring program. The recent analysis, conducted in 2020, confirmed the accuracy and consistent quality of our estimations of stack gas concentration. In addition to all monitoring processes, we continue to regulate our internal limits and targets based on the EU directives and limits to reduce dust and NOx emissions. GRI 305-7

Table 7. Air pollutants from Norm's manufacturing process

Air pollutants	2018	2019	2020
Dust			
Total dust emissions, ton/year	186	208	223.05
Specific emissions, g/ton clinker	159	171	154.1
NOx			
Total emissions, ton/year	1,089	1,021	1,244.74
Specific emissions, g/ton clinker	929	837	854
VOC/THC¹			
Total emissions, kg/year	594	217	229
Specific emissions, g/ton clinker	0.507	0.178	0.156

10.3. Water consumption

At Norm, we aspire to reduce our water consumption and regulate wastewater. We are committed to complying with the legislation of the government of the Republic of Azerbaijan regarding water consumption. In addition, we continue to implement various methods to reduce water consumption such as reuse and recycling.

We use three types of water in our production processes:

1. Water used for the production process;
2. Water used for irrigation;
3. Water used for administrative purposes.

Table 8. Specific water consumption

Water management	2018	2019	2020
Specific water consumption, l/ton of cementitious production	52.4	36.6	34.2

In 2020, we have installed water meters, which allow us to closely monitor our water consumption. Our management ensures that the water-related calculations are consistent and tracked on a monthly basis, and variance analysis is performed at the end of each reporting period. Over the past few years, we have been actively implementing various initiatives to reduce water consumption. To achieve our targets set for water management, we have constructed a biological water treatment facility for wastewater. We have built systems to recycle the discharged water and are working on the quality of recycled water to reuse it in our daily activities. Our main objective is the complete transition to the use of recycled water for administrative and irrigation purposes. GRI 303-1 GRI 303-5



10. ENVIRONMENTAL MANAGEMENT

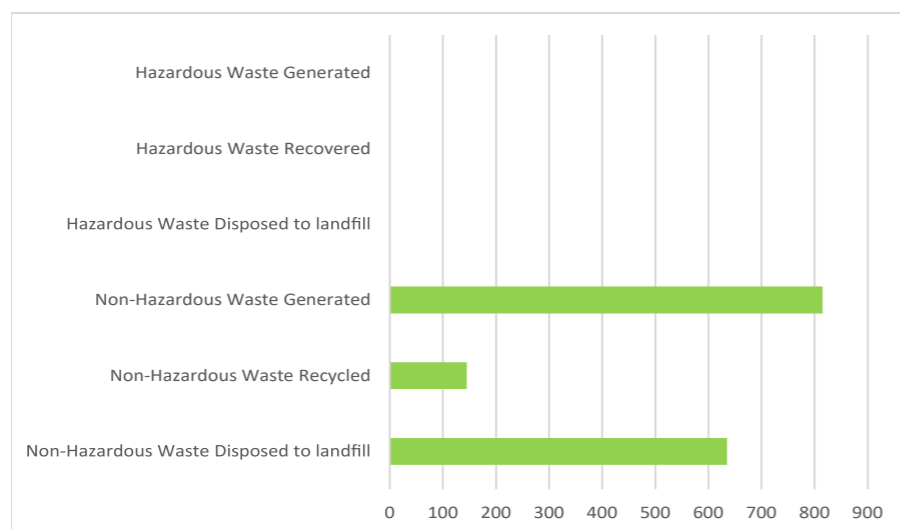
10.4. Waste management

As part of our commitment to sustainability, we strive to minimize the generation of waste. Our waste management is regulated by the internal “Waste Management” procedures. Waste includes all forms of solid or liquid waste (excluding wastewater), and is defined as hazardous or non-hazardous following local legislation and Norm’s administrative activities. We store both hazardous and non-hazardous waste in accordance with the internal policies and local legislation. In 2020, we continue to cooperate with a licensed professional third-party service «AA» on transportation, recycling, processing, and disposal of hazardous and non-hazardous waste to landfills. We currently monitor and report our waste generation. We maintain official 2-TG statistical reports on waste, water, and air emissions and send them to the Ministry of Ecology and Natural Resources. GRI 306-2 GRI 306-4

Non-hazardous waste is separated and stored in a designated landfill on the company’s premises. The collected waste is either sold or recycled to improve the efficiency of the mechanisms for reusing raw materials in working processes.

In 2020, the amount of non-hazardous waste has decreased and half of this waste has been recycled. We reduce non-hazardous waste by optimizing work processes, improving and reuse of materials. Our employees and contractors undergo trainings on responsible consumption to properly segregate and store waste. Recycling boxes and waste containers are placed throughout the office and plant site. Figure 27 shows the hazardous and non-hazardous general waste generated as the result of our activities in 2020.

Figure 27. Waste management – Waste material (tons) 2020



10. ENVIRONMENTAL MANAGEMENT

10.5. Land and biodiversity

We are dedicated to conserving and protecting ecosystems that directly or indirectly can be affected by our activities. To this end, we take appropriate control measures to avoid disturbing the habitat of resident species. We follow the requirements, recommendations, and guidance of the GRI 304 Biodiversity Disclosure Standard to indicate the significant impact of our activities, products, and services on biodiversity. Additionally, we apply the requirements contained in the laws and regulations of the Republic of Azerbaijan. During the reporting period, we are looking for and researching the most effective ways to reduce the risk of a volcanic eruption without harming both the environment and the plant. Likewise, to increase forest resources and contribute to the CO2 offset scheme, we planted over 100 trees in our plant territory in 2020. Over the past few years, we have determined the impact of our production processes on IUCN Red List species and found that species on this list are not offended in the areas affected by the Norm. Our environmental strategy is to restore the biodiversity of the quarry areas after long-term limestone mining. To this end, we are developing an action plan, through which we will restore our quarries even before production work is completed.

Moreover, Norm collaborates closely with the Ministry of Ecology and Natural Resources on environmental issues. The Ministry monitors our negative impacts on biodiversity annually and they make inquiries if mitigation measures are ineffective. No such inquiries were addressed to us during the reporting period. GRI 304-1, GRI 304-2, GRI 304-4



RESPONSIBLE PRODUCTION

11

- 11.1. CUSTOMER FOCUS
- 11.2. RESEARCH & DEVELOPMENT
- 11.3. MATERIALS USE AND CIRCULAR ECONOMY
- 11.4. QUALITY ASSURANCE

11. RESPONSIBLE PRODUCTION

Contribution to UN SDG



11.1. Customer focus

Achieving absolute customer satisfaction and delivering products that fulfill evolving needs are key to our business success and sales growth. Accordingly, Norm considers it a high priority to create trust-based relationships with its customers. To embrace a customer-driven approach, we ensure a variety of customer relationship channels to ensure effective communication.

Figure 28. Customer relationship (CRM) management channels





11. RESPONSIBLE PRODUCTION

11.1. Customer focus

Norm aims to develop further its customer relations structure through marketing research and customer satisfaction survey focusing on market demand and product development. For 7 years, we continually organize marketing surveys to explore current market trends, receive customer feedback, and tap into unrealized customer demand opportunities. This year was no exception to

Figure 29. Survey focus groups



Results of marketing research and satisfaction survey are analyzed by marketing department; later assigned to each department to address all problems specific to their work. Our principle for handling customer complaints also applies the same; each department explores the cause related to their operations and takes the corrective action plan. Consequently, the number of customer complaints, the especially quality-related grievances have been decreased significantly for 2020. Such visible results emphasize how systemized and effective our management of channels of communication with customers was designed. In respect to outcomes of these constant intense actions, in 2020 overall customer satisfaction is highly rated with 94%. Eventually, customer complaint

responsiveness and handling rate was increased by 7% compared to the previous year.

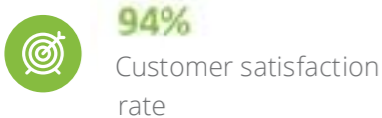
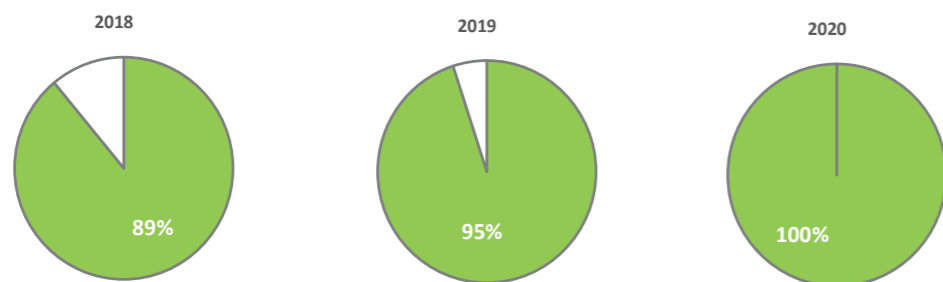


Figure 30. Customer complaints resolved



11. RESPONSIBLE PRODUCTION

The Company is moving with the current trend, introducing advanced digital solutions to make the customers' business processes easier and in an optimized manner. From this point of view, we are currently working on a customer-centric program to provide various functions accessible for our customers via mobile app. The mobile app will be soon available for public usage and can be downloaded on mobile phones.



11.2. Research & development

Our competitive advantage and position as a market leader are the result of immense efforts of research and development (R&D) activities. These activities are carried to develop eco-friendly products and formulations, improve production processes, and minimize the use of energy and diminish emissions within the whole production chain. To escalate further new product formulations and developments, we have launched a new laboratory in 2020. Starting up the new laboratory was a well-aligned decision to our goal of introducing a new product – Oil Well Cement in 2021. We can proudly announce that majority of audit requirements to achieve API SPEC Q1 quality management system certification have been completed within 2020.

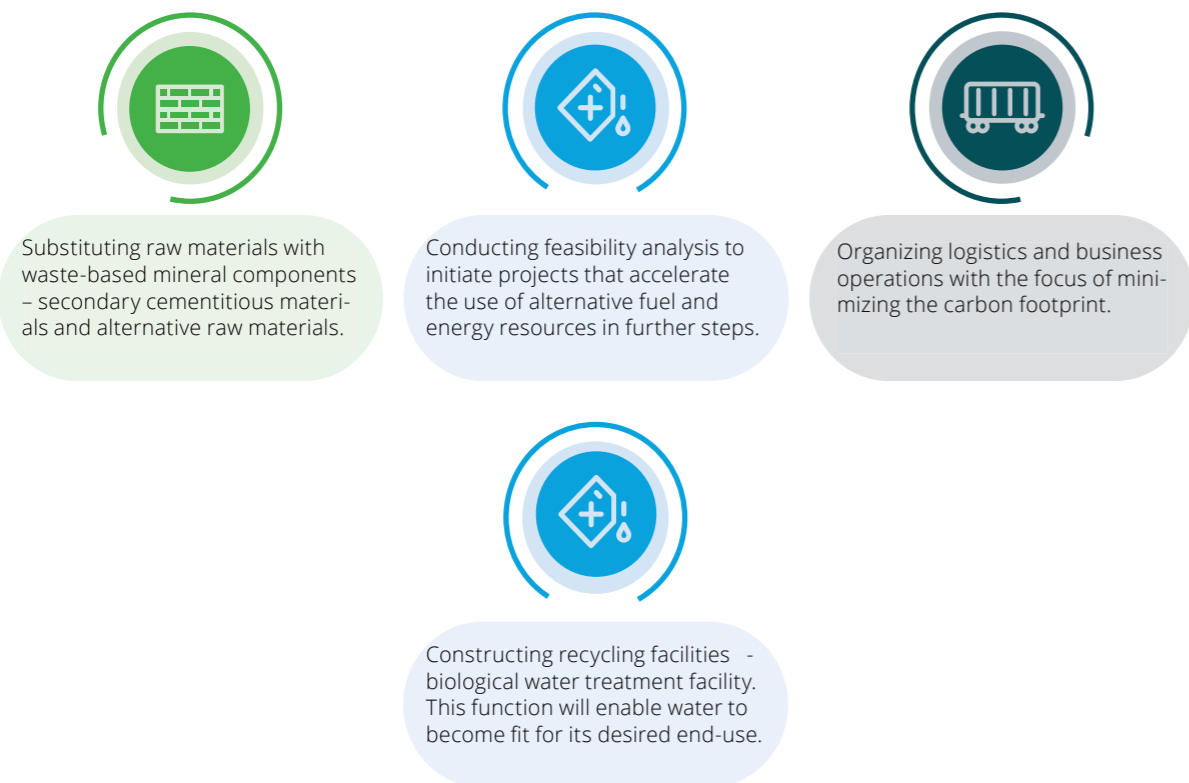
11.3. Materials use and circular economy

Waste and its disposal remedies are considered as one of the sustainable development challenges, which also embraces concepts such as climate change, air quality, circular economy, water, land use, and biodiversity. As a solution, we are guided by circular economy principles. A circular economy is a regenerative system, which offers minimum potential loss of raw materials, components, and products that lose their value by slowing, closing and narrowing material and energy loops. The responsible recycling and reuse methods of waste as an alternative resource lower the industry's consumption of primary materials and ensure the safe disposal of waste. Hence, it prevents air pollution and provides improved air quality, reduces emissions (decarbonize) and other pollutants that affect air quality, which in turn targets stronger resilience of the ecosystem by changing lifestyle and stimulating the usage of fewer resources. At Norm, we are proud of giving our contribution to the solution of utilization and minimization of waste by facilitating pillars of the circular economy emphasized in Figure 31.



11. RESPONSIBLE PRODUCTION

Figure 31. Facilitating circular economy within the organization

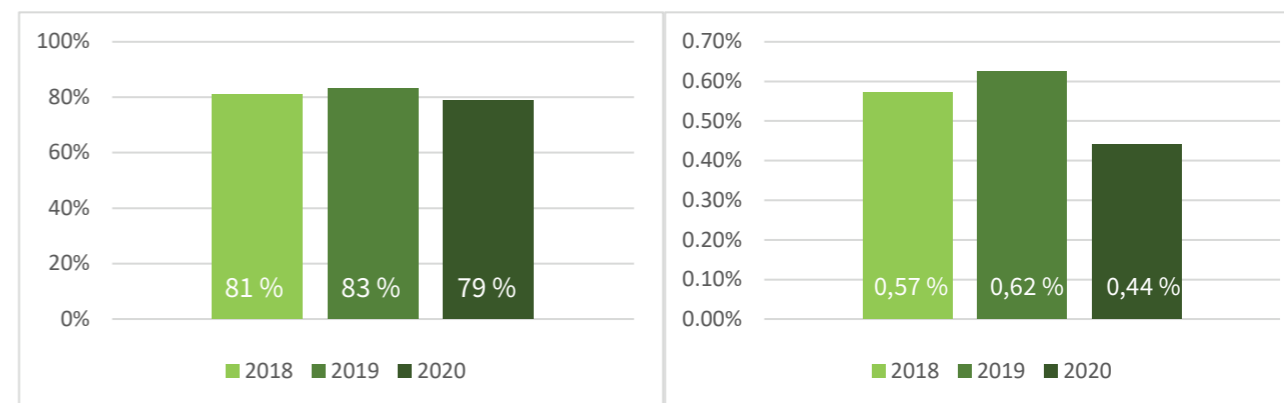


Considering the scope and impact of our operations on the environment, we put immense effort into integrating environmental aspects into all our business decisions. We promote a circular economy culture within the office by placing educational posters and recycling boxes. In this way, we can significantly reduce waste not only within our production fields, as well as office staff can demonstrate their commitment in day-day activities. Along with the aforementioned steps, we continue adopting low-impact practices and optimizing current resource-efficient production activities. At Norm, we pay attention to resource frugality, the use of recycled materials, and the recyclability of products at end-of-life. Therefore, we continued our partnership with relevant third parties to collect waste materials in 2020 as well. Due to lockdowns and quarantine regimes implemented in 2020, we were challenged to find and transport necessary alternative and secondary raw materials to our factory. Therefore, our figures for the proportion of utilized alternative and secondary raw materials within the general raw materials have been lowered. We expect an increase in these indicators as COVID-19 effects settle down. GRI 301-1 GRI 301-2



11. RESPONSIBLE PRODUCTION

Figure 32. Utilization of alternative and secondary raw materials



11.4. Quality assurance

To produce high-quality cement, we process and analyze product samples at every stage of production to ensure flawless quality control. At Norm, quality control is integrated with a quality management system certified by DNV GL for compliance with ISO 9001: 2015 standards. Our Quality Assurance/Quality Control (QA/QC) Department focuses on the quality of products purchased and services rendered at the bases and facilities and ensures the quality of processes by reviewing their compliance with the required standards and certificates. When it comes to packaging, we cooperate with experienced suppliers to comply with quality standards on the packaging. Our labeling and packaging are designed in accordance with EN 197, API SPEC Q1, API SPEC 10A, and ISO 9001 standards. GRI 417-1

In 2020, an API audit was conducted, based on which the chemical composition and quality of our products were audited. We are currently optimizing all of our regulatory policies and procedures to comply with API standards and expect to be certified in 2021.

In 2020, an API audit was conducted, based on which the chemical composition and quality of our products were audited. We are currently optimizing all of our regulatory policies and procedures to comply with API standards and expect to be certified in 2021.

SUPPLY CHAIN

12

12.1. SUPPLIER MANAGEMENT

12.2. SUPPLIER SELECTION

12. SUPPLY CHAIN

Contribution to UN SDG



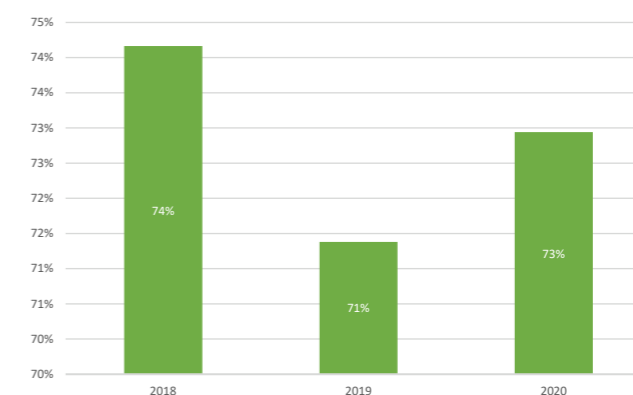
We understand the importance of working together with the suppliers towards a long-term, sustainable and successful future for us all. In this regard, we trial the inclusion of sustainability drivers in major purchasing decisions by selecting suppliers that behave in an economically, environmentally, and socially responsible manner. During the procurement process, we give priorities to raw materials, products, and services that have less impact on the environment by taking into consideration of related factors, including environmental protection, safety and health, and low-carbon emission. The Company is committed to building a responsible supply chain spanning from procurement to warehousing and logistics. In 2020, Norm has spent around 105 mln AZN on goods and services from around 518 suppliers locally and globally. GRI 102-9

In 2020, notable progress was achieved in supply chain management by applying API Spec Q1 certification requirements in the procurement process. The Company attaches great importance to compliance of internal procurement regulations with international standards. In this trend, the major part of procedures, policies, processes, and assessment forms was reviewed and updated in accordance with API requirements.

12.1. Supplier management

The Company consistently works towards implementing sound supplier management and assessment mechanism in a well-managed supply chain structure. Category management makes it possible for purchasing process to focus on the specific characteristics of a given product category and standardize technical and quality requirements for supplier assessment. Operational sub-division strategies are designed towards boosting procurement transparency via controlling the process. We strive to make a positive impact on the local community by supporting local suppliers. This enables us to contribute to the local economy as well. In 2020, the share of local suppliers has increased by 2% compared to the previous year and the budget spent on local suppliers accounted for 81% of the total procurement budget. Overall, if a supplier complies with the quality requirements, we continuously seek to collaborate with our local suppliers. GRI 102-10 GRI 204-1

Figure 33. Share of local suppliers





12. SUPPLY CHAIN

12.2. Supplier selection


The nature of Norm's production implies that the selection and assessment of supplies of raw materials are critical factors for the quality of final products. Norm is open to cooperation on a long-term basis with companies that share its commitment to high standards of business ethics, quality, and production effectiveness.

In 2020, the selection of suppliers is performed in accordance with API standards and is based on the criteria ensuring unbiased and effective supplier selection. As a part of this process, overall 45 prequalification forms were analyzed and updated based on the five assessment criteria. The Company has integrated the following criteria into its assessment and qualification process by specifically requiring information for pollution, emission, waste discharge reduction initiatives, energy and carbon footprint management system, compliance with ISO standards, environment protection, and safety certifications to the list of qualification requirements for suppliers.

Figure 34. Supply chain assessment criteria



Based on the analysis of given pre-qualification factors, each supplier is assigned to relevant score following the four categories scoring system. Suppliers are added to vendors' list only if they pass this screening stage in the pre-qualification assessment form. If a supplier fails to get the required minimum score or does not correct the deficiency that has been identified in the action plan notified by Norm, this could result in the termination of the contractual relationship. In 2020, as a result of this effective supplier assessment system, the total number of suppliers screened for quality assessment has increased by 18% compared to the previous year. The assessment of the suppliers is conducted for all critical suppliers, as well as for other companies that are not listed as a critical supplier but has major importance in supplying process and need to be assessed over the past year. GRI 308-1

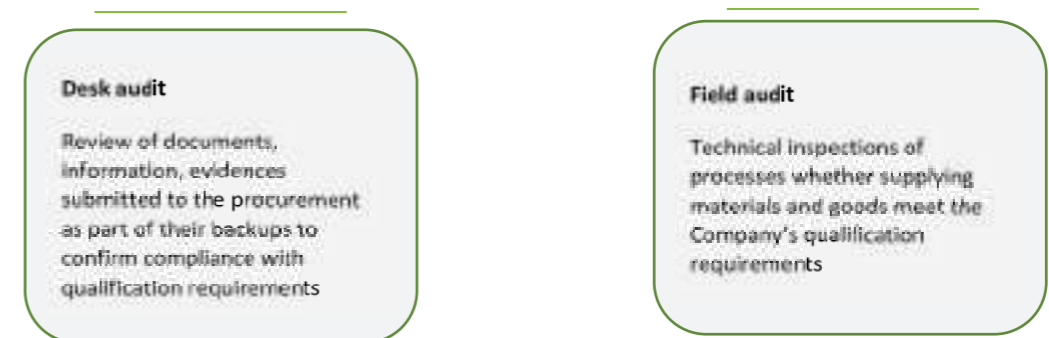
 **110**
Number of suppliers assessed for quality

companies that are not listed as a critical supplier but has major importance in supplying process and need to be assessed over the past year. GRI 308-1



12. SUPPLY CHAIN

Suppliers themselves fill the requested pre-qualification forms. If the provided information does not fully cover the requirement criteria of Norm, a supplier can provide related support with additional data, evidences, or necessary documents. The Company can conduct audits of potential and existing critical suppliers. The decision to hold a site audit may be made as part of a procurement process or based on the Company's pre-qualification assessment result.



Audit results help address suppliers' identifies weaknesses and optimize their processes, which assists in certifying their management systems.

In 2021, we are planning to continue to expand the effective supplier selection and tendering process by using Company-wide online platforms. One of Norm's strategic priorities is procurement process automation. The Company is currently realizing most of its procurement operations and supplier relationship management through SAP automated platform and implement an e-Procurement automation project. We will be consistently seizing opportunities offered by digitalization in order to guarantee transparency and sustainability in the supply chain.





PERFORMANCE TABLES

13

- 13.1. COMPANY PROFILE
- 13.2. FINANCIAL PERFORMANCE
- 13.3. OUR PEOPLE
- 13.4. HEALTH AND SAFETY
- 13.5. ENVIRONMENT
- 13.6. RESPONSIBLE PRODUCTION
- 13.7. SUPPLY CHAIN



13. PERFORMANCE TABLES

13.1. Company profile

Clinker and Cement Production (Tons)	2018	2019	2020
Clinker production	1,172,414	1,219,360	1,469,832
Cement production, including:	1,302,438	1,367,734	1,420,540
Class A	448,394	519,996	587,134
Class B	303,817	311,475	362,946
Class C500	522,852	492,472	430,883
Class S	27,374	25,657	24,199
Class 1	-	18,134	10,291
Class L	-	-	5,087

13.2. Financial performance

Economic performance, AZN 000s	2018	2019	2020
Direct economic value generated	149,447	149,210	156,327
Revenues	149,447	149,210	156,327
Economic value distributed	114,641	119,123	129,713
Operating expenses	75,942	81,089	87,722
Social expenses	258	299	2,327
Salary, bonuses and other payments to employees	9,566	10,851	15,202
Payments to the state budget, including	28,875	26,883	24,462
Property tax	1,506	1,095	815
Withholding tax	193	422	634
Land tax	193	198	245
VAT charges	14,977	12,253	10,407
22% SSPF charges	1,716	1,457	821
Income tax	8,522	8,879	8,162
Customs duty ¹	1,768	2,580	3,378
Economic value retained	34,806	30,087	26,614
Total asset	228,341	288,696	269,131
Total capitalization	228,341	288,696	269,131
Total equity	180,025	210,113	220,227
Total liability	48,316	78,583	48,904

* For the reporting year, "Custom duty" payments have been disclosed separately under category of "Payments to government". As a result of modification in indicators' disclosure, changes in some figures are noticed in 2018 and 2019 fiscal year.



13. PERFORMANCE TABLES

13.3. Our people

Total number of employees, by gender	2018		2019		2020	
	Male	Female	Male	Female	Male	Female
Total number of employees by employment contract	260	28	261	28	263	30
Part-time employees	2	0	3	0	4	0
Full-time employees	258	28	258	28	259	30
Total number of employees by employment type	260	28	261	28	263	30
Permanent employees	212	23	227	22	229	24
Temporary employees	48	5	34	6	34	6
Total number of employees by employment position	260	28	261	28	263	30
Execution position	19	1	18	1	24	1
Specialist position	50	17	44	21	54	19
Technician position	25	8	32	4	25	5
Other position	166	2	167	2	160	5

Employee indicators, by age	2018			2019			2020		
	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	108	171	9	110	167	12	56	224	9
Execution position	0	17	3	0	15	4	0	22	3
Specialist position	15	50	2	25	40	1	12	56	2
Technician position	15	18	0	7	26	3	5	24	1
Other position	78	86	4	78	85	5	39	122	3
Percentage of employees	37.5%	59%	3.5%	38%	58%	4%	19%	78%	3%
Number of hires	6	10	0	9	7	1	10	13	0
Number of dismissals	7	10	0	5	7	2	2	16	1

Turnover indicators, by gender	2018		2019		2020	
	Male	Female	Male	Female	Male	Female
Number of employees dismissed	15	2	10	4	3	0
Number of employees who left voluntarily	11	2	7	4	13	3
Number of new hires	13	3	12	5	19	4
Employee turnover rate	0.10	0.14	0.07	0.27	0.06	0.07

Senior management hired from local communities	2018	2019	2020
	Senior management hired, from local community¹	1	0
Senior management hired, total	1	0	1
Ratio of senior management hired from local communities	100%	-	100%

Compensation indicators, by gender	2018		2019		2020	
	Male	Female	Male	Female	Male	Female
Entry level salary	698	696	600	547	631	657
Minimum salary (for Azerbaijan)	135	135	250	250	250	250
Entry level wage/minimum wage, by gender	5.17	5.16	2.40	2.19	2.52	2.62
Ratio of basic male salary to basic female salary	1.12		1.20		1.18	

¹ Local community - Azerbaijan



13. PERFORMANCE TABLES

Parental leave indicators, by gender	2018		2019		2020	
	Male	Female	Male	Female	Male	Female
Total number of employees that were entitled to parental leave	0	2	4	12	0	4
Total number of employees that took parental leave	0	2	0	0	0	4
Total number of employees that returned to work in the reporting period after parental leave ended	0	0	0	0	0	0
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	0	0	0	5	0	0

Number of employees by vulnerable groups	2018	2019	2020
Total number of employees, by vulnerable groups	18	19	24
People with disabilities	4	5	5
Internally displaced people	14	14	19

13.4. Health and safety

Health and safety	2018	2019	2020
Fatality rate (Per 10,000 employees)	0	0	0
Total number of fatalities	0	0	0
Total number of recordable injuries	3	3	4
The number and rate of high-consequence work-related injuries (excluding fatalities)	0	1	2
Total number of other injuries	3	2	2
Total Lost Time Injuries (LTI)	0	1	2
LTI frequency rate (Per 1,000,000 hours worked)	0.00	1.81	4.066
Total man hours during the reporting period	498,437	552,359	491,906
Occupational disease rate (Per 1,000,000 hours worked)	0	0	0
Number of days lost due to occupational diseases	0	0	0
LTI severity rate (Per 1,000,000 hours worked)	0	10.86	138.24
Number of days lost due to injury/accident	0	6	68
LTI frequency rate (Per 1,000 employees)	0	3.46	4.07
Total injury frequency rate (Per 1,000 employees)	10.45	10.38	13.88



13. PERFORMANCE TABLES

13.5. Environment

Clinker Factor	2018	2019	2020
Average clinker factor	78.18%	78.69%	77.64%

CO ₂ and Energy Indicators	2018	2019	2020
Total Amount of Direct CO ₂ Emissions (metric tons/year)	847,695	881,842	1,068,862.23
Specific Direct CO ₂ Emissions (KG/Ton Cementitious Production)	565	569	570.53
Energy consumption total (GJ)	4,250,599	4,460,994	5,439,968.57
Thermal energy consumption (GJ)	3,792,038	3,981,790	4,899,293.1
Thermal energy consumption fossil fuels (natural gas) (GJ)	3,792,038	3,981,790	4,899,293.1
Electrical energy consumption (GJ)	458,561	479,204	540,675.43
Electrical energy consumption non-renewable (GJ)	458,561	479,204	540,675.43
Thermal energy intensity of production ¹ (GJ per ton clinker)	3.23	3.27	3.33
Total natural gas consumption (m ³)	107,774,443	113,103,464	139,175,359.10

Water Indicators	2018	2019	2020
Total water withdrawal (MI)	93	75	79
Total freshwater withdrawal (MI)	93	75	79
Freshwater withdrawal from third parties (MI)	93	75	79
Total water discharge (MI)	25	25	29
Water discharge to ground (MI)	6	5	4.43
Other water discharge (MI)	19	20	23
Total water consumption (MI)	68	50	49
Specific Water Consumption, L/ton cementitious production	52.4	36.6	34.2

Emission Indicators	2018	2019	2020
Dust			
Total Emission (Ton/Year)	186.4	208.4	223.5
Specific Emission (G/Ton Clinker)	159.0	170.9	154.1
NOx			
Total Emission (Ton/Year)	1,089.2	1,020.5	1,244.74
Specific Emission (G/Ton Clinker)	929.1	836.9	853.5
VOC/THC (mg/Nm³)			
Total Emission (KG/Year)	0.220	0.063	0.054
Specific Emission (G/Ton Clinker)	594.0	217.1	229.0
Hg (ug/Nm³)			
Total Emission (KG/Year)	0.507	0.178	0.156
Specific Emission (MG/Ton Clinker)	0.179	0.050	0.030
HM1* (ug/Nm³)			
Total Emission (KG/Year)	0.483	0.172	0.127
Specific Emission (MG/Ton Clinker)	0.412	0.141	0.087
HM1* (ug/Nm³)			
Total Emission (KG/Year)	0.013	0.031	0.044
Specific Emission (MG/Ton Clinker)	0.035	0.108	0.185
HM2** (ug/Nm³)			
Total Emission (KG/Year)	0.030	0.089	0.126
Specific Emission (MG/Ton Clinker)	3.4200	3.0078	2.7634
Total Emission (KG/Year)	9.234	10.367	11.717
Specific Emission (MG/Ton Clinker)	7.876	8.502	7.972
SOX (Ton/Year)	0.878	0.759	0.842

* HM1: Sum of Cd and Tl

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



13. PERFORMANCE TABLES

Waste Indicators	2018	2019	2020
Waste Materials (Tons) including:	1,567.10	1,175.38	831.9
Non-Hazardous Waste Generated	1,506.70	1,154.59	829.02
Non-Hazardous Waste Recycled	715.60	663.77	177.38
Non-Hazardous Waste Disposed to Landfill	791.10	490.82	644.58
Hazardous Waste Generated	10.40	20.79	2.88
Hazardous Waste Recycled	6.11	19.66	2.88
Hazardous Waste Disposed to Landfills	4.29	1.132	-

13.6. Responsible production

Materials	2018	2019	2020
Total raw material consumption (tons)	2,196,181	2,319,448	2,674,218
Raw materials obtained from secondary materials (tons), including:	1,784,744	1,916,562	2,116,389
Alternative raw materials (tons)	10,212	11,959	9,349
Raw materials obtained from secondary materials (%), including:	81%	83%	79%
Alternative raw materials (%)	0.6%	0.6%	0.4%

13.7. Supply chain

Supply chain Indicators	2018	2019	2020
Total number of suppliers	658	578	518
Number of suppliers of goods	211	234	205
Number of suppliers of services	277	353	313
Number of local suppliers	488	418	377
Share of local suppliers (%)	74%	72%	73%
Total procurement budget, AZN 000s	62,677	78,689	105,019
Procurement budget that is spent on local suppliers/contractors, AZN 000s	42,742	53,513	84,571
Share of the procurement budget that is spent on local suppliers/contractors (%)	68%	68%	81%
Total number of suppliers assessed for the quality of production and performance	-	93	110

METHODOLOGY AND ASSUMPTIONS

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14.1. METHODS OF DATA COLLECTION AND REPORTING METHODOLOGIES

14.1.1. ENVIRONMENTAL INDICATORS

14.1.2. SOCIAL INDICATORS

14.1.3. ECONOMIC INDICATORS

14.2. GRI INDEX

14.3. INDEPENDENT ASSURANCE REPORT





14. METHODOLOGY AND ASSUMPTIONS

At Norm, we understand the importance of sustainability reporting that is a great tool delivering a holistic view of our Company to all our stakeholders and other interested parties. When preparing the Report, we were guided by the global standards for sustainability reporting. Below we describe methods used for data collection and reporting methodologies for different indicators. GRI 102-48

■ 14.1. Methods of data collection and reporting methodologies

■ 14.1.1. Environmental indicators

GRI standards, GCCA guidelines, local legislations, and peer and industry analysis guide our data collection and reporting methodology for environmental indicators. Environmental information here covers all our operations, including quarrying, manufacturing, and packaging. The main sources of Norm data are the internal reporting system and the independent provider of environmental research and laboratory analytical services - AZECOLAB.

CO2 emissions and Power: To report our power consumption performance, we follow the requirements of the GRI 302 Energy Standard and GCCA Guidelines for co-processing fuels and raw materials for cement manufacturing. The scope of energy consumption covers all energy-intense operations. As in the previous year, we present total power consumption, electrical energy consumption, and thermal energy consumption according to their sources.

GRI 305.1-305.5 Emissions Disclosure Standards, as well as GCCA Sustainability Guidelines for the monitoring and reporting of CO2 emissions, guide our reporting on CO2 emissions. The scope of GHG emissions covers direct CO2 emissions from all operations. To calculate CO2 emission indicators we use the material balance method. Inputs for the method come from our command control room (CCR) using the CTIEC system, production daily reports, and laboratory reports showing the composition of raw meals.

Air emissions: Our air emissions disclosures follow the requirements of GRI 305.7 Emissions Disclosure Standard and GCCA Sustainability Guidelines for the monitoring and reporting of emissions to measure and indicate the significant air emissions. Our input for emission indicators is based on measurements from AZECOLAB. Emissions that we monitor and report on are total VOC/THC and heavy metals (Hg, Cd, Tl, and Sb, As, Pb, Cr, Co, Cu, Mn, Ni, and V) emissions originating from the kiln unit.

Water: We use GRI 303 Water Disclosure Standard as well as GCCA Sustainability Guidelines as a reference to measure and report our water performance. We also report not only water consumption but also water withdrawal and discharge indicators.

Effluents and waste: GRI 306 Effluents and Waste Disclosure Standards and local legislations guide our measurements and reporting processes related to waste performance. All wastes (hazardous and non-hazardous) are transferred to third parties for disposal or recycling. Waste classifications into hazardous and non-hazardous categories are in line with the requirements of local legislation. To convert the volume of household waste from cubic meters to tons, we use the international coefficients based on the types of waste generated.

rsity: We follow the requirements, recommendations, and guidance of the GRI 304 Biodiversity Disclosure Standard and local legislations to report the impact of our operations on biodiversity.



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■ 14.1. Methods of data collection and reporting methodologies

■ 14.1.2. Social indicators

Health and Safety: To measure our health and safety performance, we follow GCCA Sustainability Guidelines for the monitoring and reporting safety, GRI 403 Occupational Health and Safety (OHS) standards, and local legislative requirements.

We gather disclosed information from our incident investigation reports, which are part of our internal reporting system. We also collect information from safety observation cards (SOC), used by employees to detect risks and offer recommendations, as well as management meetings.

Disclosed information incorporates all incident types and includes directly employed workers.

ther Social indicators: We use 400 series of the GRI Standards to help us report on other material social topics. Social indicators data are collected based on internal meetings, internal reporting systems, employee surveys, and internal complaints mechanisms.

■ 14.1.3. Economic indicators

Norm's financial performance follows International Financial Reporting Standards (IFRS) and The International Accounting Standards Boards (IASB) Conceptual Framework, which help us appropriately measure our financial performance against leading standards. Our financial statements serve as the main guide for key figures and facts included in this report.



14. METHODOLOGY AND ASSUMPTIONS

14.2. GRI Index

Standard	Description	Status	Reference/Comment
GRI 102: GENERAL DISCLOSURES			
Organizational profile			
102-1	Name of the organization	Covered	Section 2, 3.1
102-2	Activities, brands, products, and services	Covered	Section 3.1,3.2
102-3	Location of headquarters	Covered	Section 3.1, 7.3
102-4	Location of operations	Covered	Section 3.2
102-5	Ownership and legal form	Covered	Section 3.2, 5.1.6
102-6	Markets served	Covered	Our products are offered to segments such as retail and wholesale, mainly for construction and manufacturing segments in Azerbaijan.
102-7	Scale of the organization	Covered	Section 13.3
102-8	Information on employees and other workers	Covered	Section 7.5
102-9	Supply chain	Covered	Section 12
102-10	Significant changes to the organization and its supply chain	Covered	Section 5.1.1, 12.1
102-11	Precautionary Principle or approach	Covered	Section 5.1.7
102-12	External initiatives	Covered	Section 4.4, 8.1
102-13	Membership of associations	Covered	Section 5.1.6
Strategy			
102-14	Statement from senior decision-maker	Covered	Section 1
102-15	Key impacts, risks, and opportunities	Covered	Section 4, 4.2, 5.1.7
Ethics and integrity			
102-16	Values, principles, standards and norms of behavior	Covered	Section 4, 4.2, 5.1.3
102-17	Mechanisms for advice and concerns about ethics	Covered	Section 5.1.3
Governance			
102-18	Governance structure	Covered	Section 5.1.1, 5.1.2
102-19	Delegating authority	Covered	Section 4.1, 5.1.2
102-20	Executive-level responsibility for economic, environmental, and social topics	Covered	Section 4.1
102-21	Consulting stakeholders on economic, environmental, and social topics	Covered	Section 7.1, 9.1
102-22	Composition of the highest governance body and its committees	Not covered	Section 5.1.2
102-23	Chair of the highest governance body	Covered	At Norm, Chairman of the BoD does not hold executive position.
102-24	Nominating and selecting the highest governance body	Covered	Section 5.1.1
102-25	Conflicts of interest	Covered	Section 5.1.3
102-26	Role of the highest governance body in setting purpose, value, and strategy	Covered	Section 4.1, 5.1.1
102-27	Collective knowledge of highest governance body	Covered	Section 5.1.1
102-28	Evaluating the highest governance body's performance	Covered	Section 5.1.1
102-29	Identifying and managing economic, environmental, and social impact	Covered	Section 4.1, 5.1.1



14. METHODOLOGY AND ASSUMPTIONS

Standard	Description	Status	Reference/Comment
102-30	Effectiveness of risk management processes	Covered	Section 5.1.7
102-31	Review of economic, environmental, and social topics	Covered	Section 4.1
102-32	Highest governance body's role in sustainability reporting	Covered	Section 4.1
102-33	Communicating critical concerns	Covered	Section 7.4
102-34	Nature and total number of critical concerns	Not covered	
102-35	Remuneration policies	Not covered	
102-36	Process for determining remuneration	Not covered	
102-37	Stakeholders' involvement in remuneration	Covered	Section 7.3
102-38	Annual total compensation ratio	Not covered	
102-39	Percentage increase in annual total compensation ratio	Not covered	
Stakeholder engagement			
102-40	List of stakeholder groups	Covered	Section 2.2
102-41	Collective bargaining agreements	Covered	Section 2.2
102-42	Identifying and selecting stakeholders	Covered	Section 2.2
102-43	Approach to stakeholder engagement	Covered	Section 2.2
102-44	Key topics and concerns raised	Covered	Section 2.2, 2.3
Reporting practice			
102-45	Entities included in the consolidated financial statements	Covered	Norm is a single entity. All financial statements and relevant documents cover all of entity's operations.
102-46	Defining report content and topic Boundaries	Covered	Section 2.1, 2.3
102-47	List of material topics	Covered	Section 2.3
102-48	Restatements of information	Covered	Section 14
102-49	Changes in reporting	Covered	Section 4.4
102-50	Reporting period	Covered	Section 2.1
102-51	Date of most recent report	Covered	Most recent Sustainability Report was issued in 2019
102-52	Reporting cycle	Covered	We plan to continue issuing Sustainability reports on an annual basis.
102-53	Contact point for questions regarding the report	Covered	
102-54	Claims of reporting in accordance with GRI Standards	Covered	Section 2.1
102-55	GRI content index	Covered	Section 14.2
102-56	External assurance	Covered	
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its Boundary	Covered	Throughout the report
103-2	The management approach and its components	Covered	Section 4.2, 4.4
103-3	Evaluation of the management approach	Covered	Section 4.4
GRI 201: ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed	Covered	Section 6
201-2	Financial implications and other risks and opportunities due to climate change	Not covered	



14. METHODOLOGY AND ASSUMPTIONS

Standard	Description	Status	Reference/Comment
201-3	Defined benefit plan obligations and other retirement plans	Covered	Section 6
201-4	Financial assistance received from the government	Covered	No financial assistance is received from the government.
GRI 202: MARKET PRESENCE			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Covered	Section 13.3
202-2	Proportion of senior management hired from the local community	Covered	Section 13.3
GRI 203: INDIRECT ECONOMIC IMPACTS			
203-1	Infrastructure investments and services supported	Covered	Section 8.1
203-2	Significant indirect economic impacts	Covered	Section 13.2 Our indirect economic impact is mainly concentrated around supporting jobs, providing and improving knowledge and skills of our employees and use of products and services from local suppliers.
GRI 204: PROCUREMENT PRACTICES			
204-1	Proportion of spending on local suppliers	Covered	Section 8.1, 12.1
GRI 205: ANTI-CORRUPTION			
205-1	Operations assessed for risks related to corruption	Covered	We do not assess suppliers for corruption risks.
205-2	Communication and training about anti-corruption policies and procedures	Covered	Section 5.1.3
205-3	Confirmed incidents of corruption and actions taken	Covered	No incidents of corruption occurred during the reporting period.
GRI 206: ANTI-COMPETITIVE BEHAVIOR			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Covered	No such anti-competitive behavior related incidents occurred during the reporting period.
GRI 207: TAX			
207-1	Approach to tax	Covered	Section 5.1.5, 6 We do not have a separate tax strategy but we manage our tax responsibility with full transparency. Every year Norm undergoes tax audits from the government of Azerbaijan Republic and resolves any presented findings. The detailed information about taxes can be found in our financial statements.
207-2	Tax governance, control, and risk management	Not covered	
207-3	Stakeholder engagement and management of concerns related to tax	Covered	Section 2.2, 6
207-4	Country-by-country reporting	Covered	Section 6
GRI 301: MATERIALS			
301-1	Materials used by weight or volume	Covered	Section 11.3
301-2	Recycled input materials used	Covered	Section 11.3
301-3	Reclaimed products and their packaging materials	Not Covered	



14. METHODOLOGY AND ASSUMPTIONS

Standard	Description	Status	Reference/Comment
GRI 302: ENERGY			
302-1	Energy consumption within the organization	Covered	Section 10.1, 13.5
302-2	Energy consumption outside of the organization	Not covered	
302-3	Energy intensity	Covered	Section 10.1, 13.5
302-4	Reduction of energy consumption	Covered	Section 10.1
302-5	Reductions in energy requirements of products and services	Not covered	
GRI 303: WATER AND EFFLUENTS			
303-1	Interactions with water as a shared resource	Covered	Section 10.3
303-2	Management of water discharge-related impacts	Not Covered	
303-3	Water withdrawal	Covered	Section 13.5
303-4	Water discharge	Covered	Section 13.5
303-5	Water consumption	Covered	Section 10.3, 13.5
GRI 304: BIODIVERSITY			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Covered	Section 10.5
304-2	Significant impacts of activities, products, and services on biodiversity	Covered	Section 10.5
304-3	Habitats protected or restored	Covered	We do not have protected or restored areas. However, in 2020 as part of our re-cultivation of plants initiatives, 100 trees were planted in our operating area.
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Covered	Section 10.5
GRI 305: EMISSIONS			
305-1	Direct (Scope 1) GHG emissions	Covered	Section 10.1
305-2	Energy indirect (Scope 2) GHG emissions	Not Covered	
305-3	Other indirect (Scope 3) GHG emissions	Not covered	
305-4	GHG emissions intensity	Covered	Section 10.1
305-5	Reduction of GHG emissions	Covered	Section 10.1
305-6	Emissions of ozone-depleting substances (ODS)	Not covered	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Covered	Section 10.2, 13.5
GRI 306: EFFLUENTS AND WASTE			
306-1	Water discharge by quality and destination	Partially covered	Section 13.5
306-2	Waste by type and disposal method	Covered	Section 10.4
306-3	Significant spills	Covered	No significant spills occurred during the reporting period.
306-4	Transport of hazardous waste	Covered	Section 10.4



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Standard	Description	Status	Reference/Comment
306-5	Water bodies affected by water discharges and/or runoff	Covered	No water bodies and related habitats were affected by water discharges for various purposes of our operations during the reporting period.
GRI 307: ENVIRONMENTAL COMPLIANCE			
307-1	Non-compliance with environmental laws and regulations	Covered	Section 5.1.6, 10
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT			
308-1	New suppliers that were screened using environmental criteria	Covered	Section 12.2
308-2	Negative environmental impacts in the supply chain and actions taken	Covered	We did not identify significant environmental negative impact in our supply chain.
GRI 401: EMPLOYMENT			
401-1	New employee hires and employee turnover	Covered	Section 7.1, 13.3
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Covered	Section 7.3
401-3	Parental leave	Covered	Section 13.3
GRI 402: LABOR/MANAGEMENT RELATIONS			
402-1	Minimum notice periods regarding operational changes	Covered	We do not have standard notice period provided to our employees, such period is decided depending on the action planned for each significant operational change. We also adhere to the Labor Code of Azerbaijan.
GRI 403: OCCUPATIONAL HEALTH AND SAFETY			
403-1	Occupational health and safety management system	Covered	Section 9.1
403-2	Hazard identification, risk assessment, and incident investigation	Covered	Section 9.4, 9.5
403-3	Occupational health services	Covered	Section 9.2, 9.4, 9.5
403-4	Worker participation, consultation, and communication on occupational health and safety	Covered	Section 9.1
403-5	Worker training on occupational health and safety	Covered	Section 9.2, 9.5
403-6	Promotion of worker health	Covered	Section 9.1, 9.5
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Covered	All our agreements with business partners include a clause on health and safety, in order to prevent a mitigation of occupational health and safety impacts linked to our business partners.
403-8	Workers covered by an occupational health and safety management system	Covered	Section 9.5
403-9	Work-related injuries	Covered	Section 9.3, 13.4
403-10	Work related ill health	Covered	Section 9.3, 13.4
GRI 404: TRAINING AND EDUCATION			
404-1	Average hours of training per year per employee	Partially Covered	Section 7.2
404-2	Programs for upgrading employee skills and transition assistance programs	Covered	Section 7.2
404-3	Percentage of employees receiving regular performance and career development reviews	Covered	All of our employees receive regular performance and career development review through our Grading and Performance Assessment System.
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governance bodies and employees	Partially covered	Section 13.3
405-2	Ratio of basic salary and remuneration of women to men	Covered	Section 13.3



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Standard	Description	Status	Reference/Comment
GRI 406: NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken	Covered	Section 5.1.4, 7.5
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Covered	We do not perform specific risk assessments to check collective bargaining or freedom rights. There were no incidents where the right to freedom of association and collective bargaining may be at risk.
GRI 408: CHILD LABOR			
408-1	Operations and suppliers at significant risk for incidents of child labor	Covered	Section 5.1.4
GRI 409: FORCED OR COMPULSORY LABOR			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Covered	Section 5.1.4
GRI 410: SECURITY PRACTICES			
410-1	Security personnel trained in human rights policies or procedures	Covered	No security personnel have received training in human rights policies or procedures.
GRI 411: RIGHTS OF INDIGENOUS PEOPLES			
411-1	Incidents of violations involving rights of indigenous peoples	Not applicable	
GRI 412: HUMAN RIGHTS ASSESSMENT			
412-1	Operations that have been subject to human rights reviews or impact assessments	Covered	Section 5.1.4
412-2	Employee training on human rights policies or procedures	Covered	No employee has received trainings on human rights policies or procedures.
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Covered	No significant investment agreements subject to close human rights monitoring were signed during the reporting period.
GRI 413: LOCAL COMMUNITIES			
413-1	Operations with local community engagement, impact assessments, and development programs	Covered	Section 8.1
413-2	Operations with significant actual and potential negative impacts on local communities	Covered	There were no operations with significant direct negative impacts on local communities during the reporting period.
GRI 414: SUPPLIER SOCIAL ASSESSMENT			
414-1	New suppliers that were screened using social criteria	Covered	Section 12
414-2	Negative social impacts in the supply chain and actions taken	Covered	Section 12
GRI 415: PUBLIC POLICY			
415-1	Political contributions	Covered	Section 7.5
GRI 416: CUSTOMER HEALTH AND SAFETY			
416-1	Assessment of the health and safety impacts of product and service categories	Not covered	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Covered	We did not identify any incidents of non-compliance concerning the health and safety impacts of products and services.
GRI 417: MARKETING AND LABELING			
417-1	Requirements for product and service information and labeling	Covered	Section 7.4, 11.4



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Standard	Description	Status	Reference/Comment
417-2	Incidents of non-compliance concerning product and service information and labeling	Covered	We did not identify any incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of our products and services during the reporting period.
417-3	Incidents of non-compliance concerning marketing communications	Covered	No incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications were identified during the reporting period.
GRI 418: CUSTOMER PRIVACY			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Covered	No breaches of customer privacy were identified during the reporting period.
GRI 419: SOCIOECONOMIC COMPLIANCE			
419-1	Non-compliance with laws and regulations in the social and economic area	Covered	Section 5.1.6.



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14.3. Independent Assurance Report

Deloitte.

Deloitte & Touche LLAC
Baku White City Office Building
25E November, 8 ave.,
Baku, AZ1025,
Azerbaijan
Tel.: +994 (12) 404 12 10
Fax: +994 (12) 404 12 11
deloitte.az

INDEPENDENT ASSURANCE REPORT

Independent practitioner's limited assurance report by Deloitte & Touche LLAC ('Deloitte') to the Board of Directors of Norm OJSC ('the Company') the 2020 Sustainability Report for the year ended 31 December 2020:

Scope of assurance

We have been engaged by Norm OJSC to perform an assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) ('the Standard') to provide public limited assurance on accuracy of Selected Data presented in 'Norm Sustainability Report' ('the Report') prepared in accordance with the requirements of Global Reporting Initiative (GRI) Sustainability Reporting Standards for the year ended 31 December 2020.

Assurance procedures and roles

We carried out limited assurance on accuracy of the following data related to 2020 year and included into the Report:

- Selected key performance indicators specified below in the section 'Selected non-financial performance data for public limited assurance', and
- The Company's self-declaration in preparing its Report 2020 in accordance with the requirements of GRI Sustainability Reporting Standards as stated on 'Report Profile' subsection of the Report.

Our key assurance procedures

To achieve limited assurance, the ISAE 3000 (Revised) requires that we review the processes, systems and competencies used to compile the areas on which we provide our assurance.

Considering the risk of material 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.

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To form our conclusions, we undertook the following procedures:

- Analyzed on a sample basis the key systems, processes, policies and controls relating to the collation, aggregation, validation and reporting processes of the selected sustainability performance indicators;
- Conducted interviews with employees of the Company responsible for sustainability performance, policies and corresponding reporting;
- Conducted selective substantive testing to confirm accuracy of received data to the selected key performance indicators;
- Made enquiries 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;
- Performed selective review of disclosures in the Report on compliance with GRI Standards.

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

Inherent limitations

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

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

Our engagement provides limited assurance as defined in ISAE 3000 (Revised).

The procedures performed in a limited assurance engagement vary in nature and timing 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.



14. METHODOLOGY AND ASSUMPTIONS

Roles and responsibilities

- The Directors of the Company are responsible for the preparation, accuracy and completeness of the sustainability information and statements contained within the Report. They are responsible for determining the Company sustainability objectives and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.
- Our responsibility is to express a conclusion on the selected Subject Matter based on our procedures. We conducted our engagement in accordance with the ISAE 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board.

Independence and quality control

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

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

Selected non-financial performance data for public limited assurance

We have been engaged by the Company to perform limited assurance procedures on accuracy of the following key performance data of the 2020 reporting year included into the Report:



14. METHODOLOGY AND ASSUMPTIONS

Employees	<ul style="list-style-type: none"> Total number of employees Total number of employees by gender, male Total number of employees by gender, female Hired employees Number of dismissed employees Employee turnover rate Number of permanent employees Number of temporary employees Number of full-time employees Number of part-time employees
Health and safety	<ul style="list-style-type: none"> Number of hours worked Total number of fatalities, directly employed Total number of recordable injuries Number of lost time injuries (LTI) Number of days lost due to injury/accident LTI frequency rate (per 1,000,000 hours worked) LTI severity rate (per 1,000,000 hours worked)
Emissions into the atmosphere	<ul style="list-style-type: none"> Total dust emissions Total NOx emissions
Greenhouse gas	<ul style="list-style-type: none"> Total amount of direct CO2 emissions Specific direct CO2 emissions
Waste	<ul style="list-style-type: none"> Non-hazardous waste generated Non-hazardous waste disposed to landfills Non-hazardous waste recycled Hazardous waste generated Hazardous waste disposed to landfills Hazardous waste recovered
Water consumption	<ul style="list-style-type: none"> Total water withdrawal
Energy	<ul style="list-style-type: none"> Electrical energy consumption Total natural gas consumption
Supply chain	<ul style="list-style-type: none"> Total number of suppliers Number of local suppliers Share of the procurement budget that is spent on local suppliers/contractors Procurement budget that is spent on local suppliers/contractors
Production	<ul style="list-style-type: none"> Average clinker factor

Limited assurance conclusion

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

Deloitte & Touche
 27 July 2021

We value recommendations and comments from our stakeholders. We are open to any suggestions and appreciate significant input that would help improve our Report and performance.

Contact person for suggestions:
 Elmar Mammadov
 Integrated Management System and HSE Manager
 Norm OJSC, 1C M. Mushfig Str., Baku, Azerbaijan
 Phone: +994(12)310 1010
 E-mail: Elmar.Mammadov@norm.az

