

Group Anti-Corruption Guideline

Scope: **All companies of the HeidelbergCement Group**
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Introduction

One of the goals of the HeidelbergCement Group's compliance programme is to prevent corrupt behaviour by Group companies and employees. Sections 2.3-2.5 of the Code of Business Conduct ("Anticorruption", "Gifts, hospitality and benefits", "Conflicts of interest") set forth general anticorruption principles. This Guideline is part of the Group compliance programme and gives guidance to employees by providing additional detail on this important topic. This Guideline was first adopted by the Managing Board and came into effect on 1 October 2007. This version replaces the previous one and takes effect following its publication on the HeidelbergCement Intranet in February 2021. The Guideline and the policy it contains of preventing corrupt behaviour apply to all companies of the HeidelbergCement Group¹.

This Guideline speaks not only to corruption punishable by relevant penal laws, but addresses and prohibits unethical behaviour, even if this conduct is not a punishable criminal offence. This approach is based on the principle that it is important to avoid even the suggestion that a business or governmental decision might have been influenced by the acceptance or granting of an advantage, be it personal or for any third party.

Special compliance guidelines (e.g. purchasing, tax, treasury, etc.) might specify additional requirements.

This Guideline is addressed to all employees² who have responsibilities in which corruption could occur, particularly

- employees involved in procurement, i.e. purchasing employees as well as engineers who are in charge of determining the types of goods and services to be purchased and their specifications;
- employees of specialist departments that use external service providers such as attorneys, accountants, auditors, consultants, etc.;
- employees of departments that are responsible for obtaining governmental permits of all kinds and other approvals;
- sales employees;
- employees involved in corporate acquisitions; and
- employees involved in Corporate Citizenship activities (sponsorships, donations, etc.) that accompany HC CAPEX projects.

Failure to comply with the provisions of this Guideline may subject an employee to disciplinary actions including termination of employment.

¹ HeidelbergCement AG and all companies which are directly or indirectly controlled by HeidelbergCement AG; for joint entities the definition and the rules of the Group Compliance Policy apply as well for this Guideline

² Throughout this Guideline the term "employees" is used for all persons with a professional function in the company (incl. directors, managers, officers, temporary staff, etc.)

1 Legal principles

- 1.1 Corruption is a punishable offence in most countries in which the HeidelbergCement Group operates. However, the activities constituting corruption which are punishable by law often vary among countries. For example, in certain countries only the bribery of public officials is punished and not, as in other countries, bribery between business partners as well as the bribery of public officials.
- 1.2 Criminal bribery in business dealings may be committed actively or passively. Both, the person or company, offering the bribe and the person receiving it may be punished. Bribery is defined as the direct or indirect offering, promising, authorising or granting, or the requesting or accepting, of a personal advantage of any nature in the expectation of a specific behaviour (positive act or omission, fair or unfair) in favour of the person giving the bribe, the company on whose behalf this person is acting, or a third party.
- 1.3 Bribery is a criminal offence and several jurisdictions provide for extraterritorial applicability of their national laws. Thus, it does not matter if an offence is committed within the country whose laws are being applied to an individual based on his/her nationality or outside that country. One offence may be subject to several jurisdictions. Punishment of individuals can include fines, prison sentences of up to several years, privation of certain rights, and confiscation of property; companies on whose behalf a person is offering, promising, authorising or granting bribes can be subject to criminal or administrative fines, confiscation of illegal benefits or may face administrative consequences.
- 1.4 If personal advantage or advantage for a third party is given, offered, promised, authorised or granted to a public official³ in connection with an official act, this constitutes bribery in office. In addition to the consequences described in the previous paragraph, companies on whose behalf a person is offering bribes can also be prohibited from accepting or bidding for public contracts.
- 1.5 The act of bribery also constitutes a criminal breach of trust if the person offering, promising, authorising or granting the bribe acts outside his or her authority to dispose off the company's assets or spend company's funds and thereby harms the company.

2 Gifts from suppliers, service providers or other business partners

- 2.1 Companies of the HeidelbergCement Group are important customers for suppliers and service providers ("Suppliers"). At times, employees, in particular those with procurement responsibilities, may receive unethical and improper offers by Suppliers or other business partners. The following paragraphs in this section apply to all employees, in particular to those involved in a procurement process.
- 2.2 Suppliers must be selected only on a competitive basis. Attempts by Suppliers to influence employees of the HeidelbergCement Group in their procurement decisions by means of any kind of gifts, benefits or gratuities are not tolerated, be it personal or for a third party. Suppliers must be advised not to attempt to influence HeidelbergCement Group company

³ Throughout this Guideline the term "public officials" refers to the OECD definition (OECD, 2006, Annual Report on the OECD Guidelines for Multinational Enterprise): "These include people who hold a legislative, administrative or judicial office (either appointed or elected); any person exercising a public function, including for a public agency or a public enterprise (e.g. a state owned enterprise); any official or agent of a public international organisation."

employees in this way and a warning must be given in the event of a violation. If the violation is serious or violations are repeated, a freeze on orders must be imposed. Suppliers who violate this rule seriously or repeatedly must be identified to Group Purchasing.

- 2.3 Except as listed below, employees of Group companies are prohibited, either directly or indirectly, from accepting gifts or any other unjustified benefit or thing of value including any type of gratifications (e.g. loans, commission, valuable security or other property or interest in property, employment, release from or discharge of any obligation or other liability, any other service, favour or advantage, etc.).

Exceptions are gifts or hospitality where

- they occur infrequently (once or twice per year per business partner),
- they are of insignificant monetary value as defined below in section 2.4,
- they arise only out of ordinary corporate hospitality and customary business practices,
- their acceptance does not violate any laws or regulations, and
- there is no reasonable possibility or potential inference that the decision to enter into a contract with the Supplier was influenced by the receipt of such gifts or hospitality.

Thus, the following gifts and invitations can generally be accepted, depending on the individual situation:

- promotional gifts (e.g. ballpoint pens, calendars, note pads, coffee mugs, shirts or other simple articles of clothing, etc.) and other gifts of insignificant monetary value in general, and
- occasional invitations for business meals, as long as the invitation has a business purpose, (e.g. it takes place in the context of a business meeting) and the value of the business meal is appropriate to the invited person's position in the company.

Explicitly prohibited are any acceptance of gifts, benefits, gratuities and invitations if there is any risk of their influencing the behaviour of the accepting employee in an improper way (e.g. if any relation between the acceptance of a gift, benefit, gratuity or invitation and placement of an order or contract conclusion could be construed).

Special caution is required if invitations include the coverage of travel or accommodation expenses or the costs of an accompanying spouse or travel companion. It is principally prohibited to accept the coverage of such costs by a Supplier except for cases where it follows social or cultural obligations (e.g. invitation to a ball where accompaniment by a spouse/companion is required). Exceptions are subject to prior approval by the employee's supervisor.

- 2.4 As a rule, "insignificant monetary value" means the value does not exceed the cost of an ordinary business meal. In exceptional cases and only with the documented approval of the relevant supervisor, gifts, gratuities, benefits or invitations beyond this limit can be considered to have insignificant monetary value. In any case, bear in mind that in most countries gifts, benefits, gratuities and invitations above a certain amount are considered to be taxable income; naturally, the relevant tax laws and regulations must be observed.

- 2.5 Accepting money or equivalents (e.g. gift cards or gift certificates for specific stores) for personal use or for a third party is always prohibited. The employee must immediately report any such attempt to his or her supervisor. In the event of non-compliance by the

immediate supervisor the employee shall report it to the next higher level or to the compliance hotline (SpeakUp).

- 2.6 Occasional invitations (once or twice per year per business partner) for events such as sporting events, concerts, cultural events, trade fairs, or conferences may only be accepted under the following conditions:
- there is a direct business purpose (but no direct relation with current contract negotiations),
 - that the employee is accompanied by the business relationship contact person, and
 - the value of the ticket is appropriate to the invited person's position in the company.

The acceptance of such an invitation is subject to approval by the employee's supervisor. The coverage of travel or accommodation costs by the inviting company must normally be declined as well as the invitation of spouses/companions. Exceptions require explicit prior approval by the employee's supervisor.

- 2.7 If a gift, benefit, gratuity or invitation may not be accepted because of these rules, the intended recipient shall politely decline it and refer to this Guideline. If a gift has already been delivered, it shall be returned. When this isn't possible either then the recipient needs to report it to his supervisor and request instructions what to do.

3 Gifts to employees of customers or other business partners

The HeidelbergCement Group expects that our customers or other business partners will not want their employees to be influenced in their purchasing decisions by personal gifts. For this reason, gifts, invitations, and other gratuities to employees of customers or other business partners must be limited so that such gifts are not likely to influence the customer's purchasing decision. Gratuities that go beyond promotional gifts and invitations to ordinary business meals are only permissible if the supervisor of the customer's/business partner's employee or competent body is informed and approves of the gift. In principle, the same rules apply for gifts to employees of customers as for the acceptance of gifts from suppliers and services providers as outlined in section 2. Remember that providing money or equivalents is always prohibited and that it is not permitted to invite customers to adult entertainment venues.

These rules apply equally to the act of offering promising, authorising or granting gifts or invitations to persons with whom the customer's/business partner's employee is closely linked (e.g. a family member) or other third parties.

4 Gifts to public officials

- 4.1 The rules described in section 2 also apply to gifts, benefits, gratuities or invitations offered, promised, authorised or granted to public authorities and government officials for their personal benefit or the personal benefit of any related third party. In fact, some governmental agencies or departments have strict rules prohibiting all gifts, invitations, and other gratuities, even if of insignificant monetary value. Employees of HeidelbergCement Group companies are urged to be extremely careful and avoid any impression that a personal gift to a public official is intended to influence that individual in

order to act or refrain from acting in any way in the performance of official duties. All employees are therefore prohibited from taking any action or measure that could give this impression. Thus, it is principally prohibited to give, offer, promise, authorise or grant, directly or indirectly, money or equivalents, or gifts, benefits or gratuities of any kind to public officials or to persons with whom the public official is closely linked (e.g. family members) or third parties. Any exceptions are subject to prior approval by the responsible company officer and the compliance officer of the respective country. Invitations for ordinary business meals for public officials require prior approval by the employee's supervisor. Snacks, coffee or other beverages during meetings as part of ordinary corporate hospitality are allowed if in compliance with the law and regulations.

- 4.2 This instruction may not be circumvented by giving, offering, promising, authorising or granting money or equivalents, or gifts, benefits or gratuities of any kind to persons, companies or institutions with which the public official is linked in any way whatsoever.
- 4.3 Payments or non-cash equivalents, invitations, gifts, gratuities or benefits of any kind with the purpose to secure or speed up any routine actions by government officials or private sector employees (also known as facilitation payments) are always prohibited.
- 4.4 In particular, it is forbidden to give, directly or indirectly, any illicit advantage or favours to a public official performing inspections on the HeidelbergCement business offices, premises or plants in order to influence the inspector's opinions and decisions. The rules of this Guideline must be applied to every type of inspection/audit including, but not limited to tax, custom duties, technical, quality, health and safety, antitrust, environmental inspections and other types of inspections/audits carried out by public officials and/or private accredited entities acting for or on behalf of public bodies in order to grant licenses, permits, authorisations, concessions. At the end of the inspection an internal report must be prepared in order to document the transparency and traceability of the inspection.
- 4.5 Political contributions to candidates for public office are only permitted if this is allowed under relevant law (whether international, national, state or local law) and the policy of the HeidelbergCement Group company making the contribution.

5 Conflicts of interest

A conflict of interest exists when an employee's private interest is in conflict with the interests of the Group in a given professional engagement. In all situations in which outside activities, personal or financial interests may conflict with those of the Group, all employees are expected to fully disclose them. No employee shall take part in any business activities of the Group where the employee may be influenced by personal relations that are, or may be, construed as a hindrance to objective decision taking.

Where possible employees must avoid personal interests that conflict with the employee's loyalty and responsibility owed to HeidelbergCement. All employees must discharge their responsibilities solely on the basis of what is in the best interest of the Group and independent of personal considerations or relationships. Employees are expected to adhere to both the letter and spirit of this policy and to disclose any relationship to their immediate supervisor that might give rise to conflicts of interest.

- 5.1 All employees are expected to maintain impartial relationships with customers and suppliers and only to act in the best interest of HeidelbergCement. In addition, they shall

not have an interest in any supplier or customer. Disclosure shall be made to the responsible company officer if any employee or member of his family (employee's spouse, children or any other immediate family member) has or acquires, by gift, inheritance or otherwise, an interest in a supplier's or customer's business; this does not apply to ownership of less than 0.5 per cent of the stock of a publicly traded company.

- 5.2 No employee shall have an interest in companies whose products compete with any of the Group's product lines (i.e. cement, concrete, aggregates or other building materials). All employees are expected only to act in the best interest of the Group. Disclosure shall be made to the responsible company officer if any employee or member of his family (employee's spouse, children or any other immediate family member) has or acquires, by gift, inheritance or otherwise an interest in a competing business; this does not apply to ownership of less than 0.5 per cent of the stock of a publicly traded company. In addition, employees shall not perform services of any kind for any competitor of the Group. Disclosure shall be made to the responsible company officer if an employee's spouse, children or any other immediate family member performs services for any competitor of HeidelbergCement.

6 Corporate Citizenship activities

As a leading global building materials company, HeidelbergCement recognises its social responsibilities and makes the strongest commitment in areas where it has the most expertise and can achieve the best impact for society. Thus, HeidelbergCement supports projects for public benefit, e.g. by means of sponsorships or donations, in the following areas:

- building, architecture, infrastructure;
- environment, climate, biodiversity;
- education, training, culture.

However, such Corporate Citizenship activities can also be considered as a form of attempted influence (e.g. on permits, approvals), in particular in the course of an investment project (M&A, brownfield, greenfield, etc.). To make sure that the perception of non-compliant behaviour in the context of investment projects does not arise, the following rules have to be observed:

- 6.1 All applicable legal regulations on sponsorship and donations as well as internal company policies and guidelines must always be met - both in the country in which the resources are provided, as well as in the country in which they are used. In addition, such activities must be in line with the provisions of the Corporate Citizenship Policy and clearly serve the public interest.
- 6.2 It has to be ensured that no inappropriate competitive advantages for a HeidelbergCement Group company result from such Corporate Citizenship activities.
- 6.3 Such activities must not bear any personal material advantages for public officials who are entrusted with permitting an investment by any HeidelbergCement Group company, or third parties being linked in any way whatsoever with these individuals.
- 6.4 Such activities must not support individuals or profit-making projects.

- 6.5 Activities conducted in cooperation with public officials have to be carried out in a politically neutral manner.
- 6.6 All activities in the context of Corporate Citizenship engagement have to be conducted in full transparency, properly documented and approved by two persons, one of which has to be the responsible company officer of the respective country.

7 Appointing agents and advisors

- 7.1 Naturally, rules prohibiting bribery of, or improper gifts to, employees of business partners or public authorities may not be circumvented by appointing agents or advisors.
- 7.2 Agent and advisor contracts are sometimes scrutinised by tax authorities and law enforcement agencies. Anyone who is unable to show a legitimate business purpose for an agent or advisor contract could be suspected of having entered into the agent or advisor contract for the purpose of circumventing the regulation prohibiting bribery. Furthermore, not performing a proper due diligence may be considered as negligent financing of bribery. To make sure that agent and advisor contracts have a legitimate business purpose, follow these steps:
 - 7.2.1 As in all other business transactions, the identity of the parties must be clear. This includes persons acting on behalf of a corporation, partnership, or other legal entity. For new business partners in jurisdictions under which no contracts were concluded in the past and in case of doubt, natural persons should be asked to submit identification and corporations or other legal entities should provide official confirmation of their existence (business register extract, good standing certificate, etc.).
 - 7.2.2 The contractual partner must be identified in the contract with his or her name, business address, and, if applicable, the names of the persons acting on the contractual partner's behalf, as well as bank accounts which will be used to receive payments.
 - 7.2.3 Where possible, contracts should not be entered into with companies from offshore tax havens ("offshore companies"). If a contract with such an offshore company is unavoidable, make sure the owner or owners of this company are identified and retain this documentation separate from the contract. Special caution is to be paid in case of contracts with letterbox companies.
 - 7.2.4 The HeidelbergCement Group company directly benefitting from the agent or advisory service will normally be a party to the contract. If this is not possible because of unusual circumstances, the rights and obligations arising from the contract must be transferred to the company that benefits from the contract and the fee must be charged to this company.
 - 7.2.5 The agent or advisory service must be described in specific terms. If compensation is due on the successful completion of a transaction, the contract must contain clear language defining what it means to complete a transaction. This may be defined as the execution of a contract by all parties, or different benchmarks may be used.

- 7.2.6 If an advisor is to provide consulting services, there must be an indication of whether, by what means (oral/written?, in how much detail?, evidence?), and at what intervals reporting is required. The reporting duty of the advisor or consultant must be monitored. If no written reporting duty is required of the advisor or consultant, then the employee must maintain evidence of oral reports, telephone conversations, meetings, etc.
- 7.2.7 The duration or term of the contract must be clearly stated, as well as any options to renew or extend the contract.
- 7.2.8 The fee must be commensurate with the agent or advisory services due.
- 7.2.9 The contract must contain clauses in which the agent or advisor expressly agrees to observe all existing laws in connection with the contract, including tax, anticorruption, trade sanctions and competition or antitrust laws. Any breach of these clauses by the agent or advisor shall be regarded as a material breach of the contract and shall entitle the HeidelbergCement Group company to terminate the contract immediately.
- 7.2.10 The relevant legal department must be involved at a sufficiently early stage so that it can provide constructive legal advice and monitor compliance with HeidelbergCement Group policies and guidelines.
- 7.2.11 Except in rare circumstances, public officials, and politicians should not be parties to agent or advisor contracts. If, however, such a contract is considered, careful attention must be paid in order to ensure that the contract does not require a particular vote or regulatory decision in which the HeidelbergCement Group company has an interest.

8 Mergers and acquisitions

- 8.1 As a successor entity, HeidelbergCement may be held liable for past violations of anticorruption laws committed by any company merged or acquired: thus, the consequences may be relevant for the Group, the company and individuals involved, both in terms of reputations and legal prosecution. HeidelbergCement is therefore committed to avoiding the risk of acquiring controlling interest in a third company with potential exposure to corruption or characterised by ineffective anticorruption compliance practices.
- 8.2 When HeidelbergCement is involved in merger and acquisition projects it is recommended to review, as part of the due diligence process, the activities of the target company in order to reasonably determine that it will not become involved in past, present and future corruption activities. In addition, specific representations and warranties and where applicable the appropriate indemnities should be inserted in the relevant agreements.
- 8.3 In the performance of the due diligence activity, it is recommended to pay attention to the following types of information:
- the percentage of the target company's business derived from government contracts;
 - the types and identities of the intermediaries that the target company uses and their compensation;
 - the involvement of public officials in the target company's business (as owner, directors, employees or their relatives)

- the compliance of the target company's internal controls, books and records with the applicable laws and international standards;
- whether the target company has ever been accused of violating anticorruption laws, requiring it to disclose any prior relevant issues including incidents of bribery, corruption or criminal allegations.

9 Training

- 9.1 All employees whose work involves the potential for corrupt behaviour must receive training based on the obligations set out within this Guideline.
- 9.2 The supervisor of an employee will provide the initial training for that employee when the supervisor familiarises the employee with his or her duties. This initial training must be thorough and this Guideline shared in printed or electronic format. For follow-up training, internal or external training programmes should be used, as well as regular internal specialist meetings (purchaser, sales, HTC, CCM, regular department meetings, etc.) and, if available, e-c@mpus and web-based training.
- 9.3 The initial and follow-up training must be documented. Employees must receive anti-corruption training at least once every two years.

10 Personnel rotation, two-person integrity, documentation

- 10.1 In addition to proper hiring practices and appropriate training, HeidelbergCement Group companies should take other steps to reduce the risk of corrupt behaviour.
- 10.2 One way to reduce the risk of corruption is to regularly change or rotate personnel assignments which are particularly exposed to corruption such as the purchasing function. Such changes reduce the risk that an employee will be exposed to advantages or gifts, be it personal or for a third party, from business partners or become too close to business partners and thereby lose the critical distance necessary to represent the interests of the HeidelbergCement Group.
- 10.3 Employees are urged to apply the two-person integrity principle in all business transactions of significant value. Not only does this make business sense for the company because two people will always see and perceive more than a single person, but it forms an effective control against conscious or unconscious misconduct in procurement and supply activities.
- 10.4 The two-person integrity principle also applies to the separation of operational and monitoring functions. For example, the checking and allocation of an invoice may not be performed by the same person who made the decision to place the order. Only very low value orders are exceptions to this rule.
- 10.5 Every business transaction that leads to payments or deliveries must be documented following best business practices and included in the company's accounting records. The documentation and accounting entries must accurately represent the actual situation. If documents or accounting entries are not produced or do not accurately represent the actual situation, this discrepancy must be investigated.

11 Compliance, SpeakUp hotline, questions

Practices that do not comply with this Guideline should be promptly reported to a supervisor (or supervisor's superior), compliance officer, company attorney, head of other appropriate department/unit, or to the **SpeakUp** compliance hotline (www.speakupfeedback.eu/web/heidelbergcement/). Business partners are also free to contact SpeakUp if they think a HeidelbergCement Group employee has not acted appropriately.

11.1 Questions about this Guideline should be directed to a supervisor, compliance officer, or company attorney.

12 Contact and further information

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