

Sustainability report

2019



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1. General manager's welcome



János Szarkándi
Chairman – General Manager

Our essential goal is to act sustainably and openly in favour of our interested partners; this sustainability report has been created to accomplish this goal. This publication presents the details of our actions facilitating the sustainable operations, our environmental fundamentals and our social responsibility. In fact, we consider that we do much for a more sustainable future, both at corporate and social levels. These are the essentials we want to present for you distinctly and thematically.

We consider that the indispensable and definite, fundamental element for our long-term business goals is to harmonise the relations between our company group and our environment. This principle helps us to increase our income by sustainable and well-balanced growth using long-term cost management as well as create partnerships and collegial relations.

We act continuously for a supportable and sustainable future, the reduction of our operational emission as well as the responsible natural resource management. In addition, we work actively to create a greener region surrounding us involving the various social actors. The program named "Heidelberg-Cement Sustainability Commitments 2030" set up by our owners and its integration into the everyday work is among our short-term goals, developing our operation year by year. I'm happy to see that our colleagues are satisfied employees of a responsible and successful company committed to the sustainability, participating actively in our social and value-generating processes!

We believe that our responsible decisions passed today will support the economic, social and natural environment and happy life of the future generation.

2. About the report

The cement industry of our age can not be compared to the one existed decades ago. Today, the principle of the sustainable development, being enforced through three basic dimensions in the fields of economy, environment and society can easily, unequivocally and clearly be recognised in our activities. When creating this report, our goal was to explain our intents in the light of these three dimensions in the most transparent and distinct way. In addition to our results achieved and the measures introduced in 2018, the report also defines indirectly targets to be achieved in the future to provide an even more sustainable operation of our company.

We present the harmonisation between the business of the company group and the environment and how we keep an eye on this in every area of our activities. The report dwells on every area and activity having been changed in the past few years in favour of a more supportable future. We paint a picture showing how a sustainable company and its business environment we think should look like. The product-related responsibility is also explained in detail in our report.

Furthermore, the report covers also economic and social topics and developments playing decisive role in the operation of our company. While producing base materials, cement and concrete for long-lasting buildings, bridges and roads, we never forget the importance of the protection of our environment, our values and our society for the future generations, our children and grand-children. The excellent quality and the innovation are indispensable factors for our company, but we always keep an eye on topics of social importance as well. Year by year, our colleagues participate actively in our social contribution programs recognising and espousing the goals of our company. In our areas of special responsibility, i.e. the environmental and social sustainability, the implementation of our comprehensive and long-term programs will be continued and special attention will be paid to the stakeholder relations, our employees, regional, local and social associations to be dwelt on in detail below.

The creation of the sustainability report is an important team work organised in tight cooperation with our units reflecting well the operation and culture of our company.



3. The Company

In 2017, for the provision of the national economy with quality construction materials and the excellent professional and social international activity paying special attention to the responsibility and environmental consciousness, János Szarkándi, Chairman – General Manager of Duna-Dráva Cement Kft. was decorated with the Hungarian Golden Merit.



Leading international and domestic company group

Duna-Dráva Cement Kft. (DDC) is owned by HeidelbergCement AG and SCHWENK Zement KG (50 – 50%) seated in Germany. HeidelbergCement AG dealing mainly with pebble exploitation, cement and concrete production and marketing is one of the most decisive construction material producers in the world, while SCHWENK Zement KG is active in various branches of the construction industry beside cement production.

There are two cement plants producing cement in Hungary: in the South-Transdanubia area at Beremend and at Vác in Pest County. We operate more than 50 concrete plants, 6 gravel mines and unloading areas and 3 accredited concrete laboratories all over the country; since 2019, our portfolio was augmented with pavement stone production offering more than 300 kinds of pavement stones. Our affiliated companies are Beton Technológia Centrum Kft. (Concrete Technology Centre Ltd) and Tvornica Cement Kakanj.

Tradition of centuries

The cement production at Beremend counts 110 years and more than half a century at Vác, since 1963. In Hungary, the purest limestone, offering great advantages for the cement production can be found at Beremend. For the Vác Plant, the Trias-age limestone provides the quality raw material to the cement production.

In 2018, HeidelbergCement and eight other company formed Global Cement & Concrete Association (GCCA). The aim of this association is to increase the contribution of the branch to the sustainable construction and encourage the continuous innovation. The focus is set on the sustainable development, urbanisation and mitigation of the climatic changes.

Sustainability as basic principle

The DDC employees follow the principle that the Company's activity is based on the economic, environmental and social sustainability. We contribute to the global success with local responsibility and the precondition to achieve our targets is the safe labour without risking our health. The reduction of the air pollution and the protection of the climate are high priorities for us.

Integrated system for constant quality

In 1996, two companies (separated) started to apply the quality assurance system pursuant to the ISO 9002:1994 standard. In 2002, Vác and Beremend introduced a quality management system (MIR) pursuant to ISO 9001, an environment management system (KIR) pursuant to ISO 14001, in 2004, an occupational health protection and safety management system (MEBIR) was applied pursuant to MSZ 28001.

4. A sustainable company and its operational environment

In full harmony: the mother company's targets

The program "HeidelbergCement Sustainability Commitments 2030" specifies the most important topics of the sustainability strategy and their main principles. The owner HeidelbergCement Group sets such targets for 2030 as "leading economic power and innovation", "excellence in the fields of "occupational health and safety", "reduction of the ecologic footprint", "encouraging the circular economy", "to be a good neighbour" as well as "compliance and creating transparency" marking out the way for us as well.

More than a kind of approach

Sustainability plays a decisive role in our life and is part of the corporate business. Considering the cement and concrete as construction materials, there is no alternative being able to satisfy the ever growing demands. Until this situation does not change, the cement and the concrete made of it will be necessary to satisfy the mankind's needs for infrastructure and other constructions. As a result of the tendentious growth in number of the inhabitants of the Earth, more and more people need homes, offices, shopping centres and roads. The approach how that huge quantity of the required construction will be produced matters much. For this reason, sustainability plays an important role for Duna-Dráva Cement Kft. as well.

Sustainability in everyday life

The production in our company always follows the principle of the sustainable development. Our company, keeping in mind the future generation's needs for the Earth's resources, uses only the required quantity of natural resources. This is a strategy not only for the production of limestone, clay and gravel, but for the cement and concrete production as well.

For our company the principle of sustainability is a strategic issue and applies environment-friendly technologies, operates an integrated company and quality management systems and plays a role in the social relations as well. Furthermore, it makes efforts to minimise the base material and energy consumption in the cement production process finding options to substitute the natural minerals. The principle of sustainability is exemplary for our entire organisation, i.e. for all employees, too. The top and medium management's responsibility is to communicate these goals adequately and clearly to all levels and offer a model of good practice for all employees.

Strategy of sustainability for 2030

Our company is in full compliance with the efforts laid down by the owner HeidelbergCement Group for the period till 2030. The achievement of sustainable profitability by effective management of the processes and the continuous development of our products and services is listed among our sustainability-related efforts. Furthermore, we are committed to the continuous development of the health and labour conditions of the employees, partners and third players and assume our part from the global responsibility. Instead of natural raw materials, the natural reserves will be preserved by gradual expansion of the share of alternative energy sources and we are committed to the support of the communities surrounding our company. Open communication will be provided for the interested parties. Finally, DDC is insisting on the international human rights, anti-corruption actions and labour principles. We cooperate with our partners proactively, openly and truly.

5. Essentiality

From the point of view of the operation of our company, the identification of the matters represented by us according to the processes is of great importance; these points contribute to the prosperity of our environment and society and the long-term growth of our company. Such matters are categorised by the company's and the society's aspects.

	Type	Circle of the interested ones	Why is it important?
Company management. Business aethics and anti-corruption guidelines	Economic	Local communities, consumers, suppliers, decision makers, civil organisations, media authorities, scientific and educational institutions, employees	It is important to improve our ethical, financial and non-financial operation through our adequate approach.
Responsible marketing	Economic	Customers, consumers, civil organisations, offices, employees	Our advertisement and promotional actions reach several thousand people, among them the educational institutions; therefore the issue of the responsible marketing is of vital importance.
Product quality and integrity	Economic	Buyers, scientific educational institutions, local communities, decision makers, press, civil organisations, employees	We bear always in mind that our final products serve as base materials for further value generating processes; therefore, the best possible quality of our products is very important for us.
Packing, recycling, waste management	Environmental protection	Decision makers, scientific educational institutions, local communities, press, civil organisations	By the integration of the alternative raw and fuel materials the pace of exploitation of the nature resources and this technology promises solution to the waste disposal issues of the industrial plants.
Soil, water and noise protection	Environmental protection	Decision makers, scientific educational institutions, local communities, press, civil organisations	Similarly to other heavy industrial activities, the cement production stands in interaction with the surrounding environment; therefore the basis to its operation is the protection of the natural resources and the principles of the sustainable development. Although the technology applied by us does not endanger the soil and ground waters, but a tight monitoring is always needed.

	Type	Circle of the interested ones	Why is it important?
Harmful emission	Environmental protection	Decision makers, scientific educational institutions, local communities, press, civil organisations	Using modern filter systems satisfying the environmental requirements and advanced technologies, environment friendly cement production can be achieved, which will comply with the future, even more strict regulations.
Water and energy management	Environmental protection	Decision makers, scientific educational institutions, local communities, press, civil organisations	Our goal is to reduce the water and energy consumption in our processes, i.e. minimise the cooling water consumption and use alternative fuels.
Communal investment and commitment	Social	Local communities, consumers, suppliers, decision makers, civil organisations, media authorities, scientific educational institutions, employees	Our business success depends greatly on the prosperity and dynamism of the community. The clear guidelines and the determination of the focal points help the growth of the community and our company as well.
Employee welfare and commitment	Social	Decision makers, trade unions, employees	The key to the success is the satisfied, happy and committed employee.
Health and nourishment	Social	Customers, consumers, civil organisations, offices, employees	The health of our employees is important for us, therefore, regular screening is organised for them. In our programmes and units providing meal we pay attention to offer quality foods from reliable sources.

6. Economic panorama

The flexible reaction of a company to the economic changes and market incidences in a rapidly changing environment is of great importance.

Thanks to the high quality of services of Duna–Dráva Cement Kft., the environment-friendly and innovative production technologies and circumspect management, the company could survive the last crisis successfully. In line with our professional conviction, the company is spearheading the European production making efforts to save its leading role in Hungary.



Ferenc Sövény
Finance Director



Economic panorama

6.1. Boom in the construction industry

1. Change since 2013

After the relief in 2013, the industry witnessed a boom again with a growth of an additional 5% in the construction industry market. The Central Statistical Office's (KSH) estimation sets it even higher, to 14%. Although the decisive engines of this growth are the infrastructural projects, there are developments in the retail sector and the commercial sectors as well. In 2014, EU-financing in quantities never seen before were available having influenced the cement and ready-mixed concrete consumption.

The growth of the construction industry market was convincing in 2015 as well, it was characterised by an intensive growth in the structural and civil engineering sectors completed with the surplus provided by the retail and corporate sectors. The market of the ready-mixed concrete and aggregates suffered from stagnation.

2016 was a complicated year for the construction industry with a setback of nearly 19% (18.8%) (KSH 2016). While the retail and corporate sectors performed well, the structural and civil engineering projects suffered a decrease of 3.5%. After the modest growth realised in the previous year, the demand for cement grew by 6% in 2016. The construction material producers had to face heavy competition in the construction market due to the large capacity surplus.

Accelerating boom with contradictions

2017, however, with a growth of 25.5%, was a good year for the construction industry (according to the data published by the Central Statistical Office (2017), the growth was 29.7%), composed of the higher production, the further growth in the retail consumption as well as the infrastructural projects. Following the growth in the previous year, the domestic demand on cement, ready-mixed concrete and aggregates showed a further growth.

Similarly to 2017, in general terms, 2018 was again a very good year for the Hungarian construction industry.

The engines of this growth were still the governmental investments and developments financed jointly by the Hungarian State and the European Union. As compared to 2017, quantitative growth was seen in the first 9 months of the year in the cement and concrete market. The effects of the incentives introduced by the government earlier (CSOK, preferential VAT for new flats) were perceptible. As a result of the sudden growth in demand, certain building materials had to be entered on longer and longer waiting list. A further challenge for the sector is (even today) the shortage in workforce endangering the completion of the actual investments on schedule.

2. DDC's economic achievements

In the market, widened significantly in the past few years, the two domestic cement companies of DDC covered some 40% of the country's demand in 2018. At the same time, the exploitation of the capacities lags significantly behind the values measured in the period 2005–2008.

The effect of the economic crisis having occurred 10 years ago revealed itself firstly in the construction material and construction sectors in the world. This situation was clearly seen in DDC's performance as well: in 2009, the volume of the cement sold fell by 20% as compared to the previous year and the profit after tax was halved. This tendency prevailed also in 2010 influencing the operation of the company significantly. This situation was aggravated by the Hungarian speciality originating from the high share of the projects financed by the EU. The Hungarian government prefers vigorously the EU-financed projects; in fact, these are the ones moving the performance of the construction industry influencing the demands on building materials. In the years of the crisis our capacity exploitation fell dramatically. There were years when it fell below 50% remaining below the half of the value measured in 2008.

By 2018, in harmony with the advantageous macro-economical processes, the level providing comfortably profitable operation could be stabilised and this tendency seems to be sustainable for 2019 as well.

6.1. Boom in the construction industry

3. Versatility in our activity – our business units

With the high quality of our products and technical consulting services, the up-to-date, environment-conscious and innovative production technologies our company is a front-ranker in the European production industry.

Cement production

In the course of the production, the application of additives influencing the modern cement's properties is unavoidable.

The types of cement containing soot, slag or limestone flour are the best ones to satisfy the various investments' demands.

Presently, 11 types of cement are being produced in the two domestic plants at Beremend (South-Transdanubia) and Vác (Pest County). With their different properties these products satisfy virtually all possible demands on construction and base materials, as guaranteed constant quality being a key factor for an investment. Using these modern types of cement, spectacular concrete constructions can be built. The Palace of Arts, the Kőröshegy-Viaduct, the expansion of the Liszt Ferenc International Airport and the restoration of the historical turbe of Gül-baba were implemented by using our products. Beside the well known projects, thousands of new homes were built or restored with our products.

Production of concrete

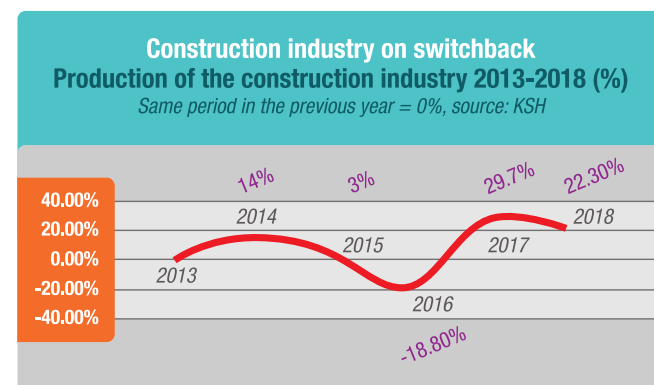
The concrete, as building material and the unbound designs composed of it, as well as the simplicity and plasticity preferred by the architects were always very popular.

As a ready mix concrete production plant, our concrete branch offers wide range of products representing highest quality standards and embodying several thousand (!) recipes for the clients in every region of the country. The traditional and special, e.g. sulphate-proof, water-tight or wear-resistant types are produced in concrete plants complying with the challenges of our age using the most modern control systems and maintaining high quality standards.

The employees are trained to use the technologies yearly. In addition to our well trained regional managers, application technological advisors help our partners to select the base materials fitting optimally their goals and possibilities.

The development is continuous; we are looking for optimum solutions in the fields of design, production and logistics. Our results are analysed to improve and refine our production processes and our jobs concerning the economic supply and transport.

In favour of sustainability, paving materials are developed to provide even more durable pavings in Hungary. The types of concrete pavement called rolled pavements can be used to cover roads, bikeways, industrial areas, agricultural ways, etc. In the past years, we cooperated successfully in the implementation of some projects. Bikeways and a complete network of agricultural ways were yet built with this technology. In a short time, Standard Highway Specifications will be issued regulating the design and construction of the upper layer of the HBB road structures facilitating its application and spreading. Technical support will be offered to our products.



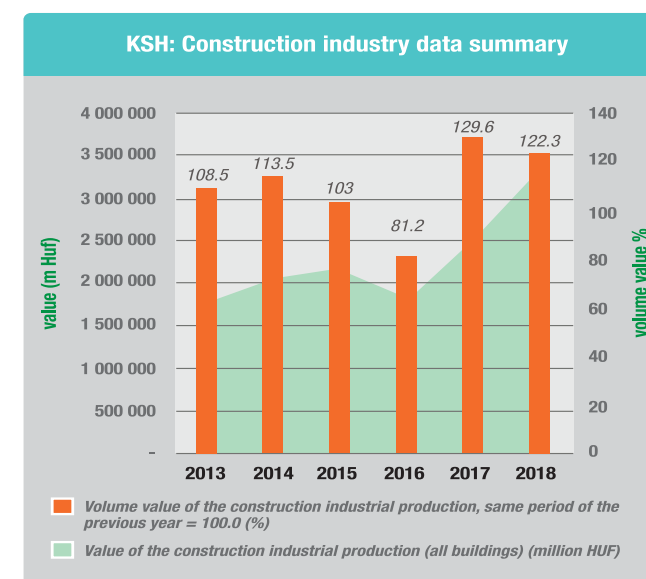
Gravel mining

In the mines and premises of our gravel branch being in full compliance with the challenges of our age, the gravel production and processing take place with the most modern machines and technologies. As a part of our quality assurance system, the international quality management system ISO 9001:2000 was introduced into the branch in 2002, then, in 2011, the environment management system ISO14001 also being integral parts of the company's management system.

The five gravel mines operated presently by DDC provide base materials for concrete plants, asphalt plants, paving stone factories and the population.

Paving stone production

The paving stone, as outdoor covering material is made of concrete base material. As a result of the acquisition processes in the past few years, the range of activity of DDC was extended with this new business unit. "A Beton-Viacolor Térkö Zrt.", using the experiences of more than a quarter century and following continuously the newest trends in the architecture, creates its offer composed of special and high quality products in its four plants. The company offers more than 300 types of paving stone divided in three product categories. The processing takes place in a closed plant, mechanised with human help. The activity itself can be divided into three main production processes: concrete mixing, pressing and heat treatment.



**The data concerning the internal, market performance are Duna-Dráva Cement Kft's own estimates. In some cases the data were compared to the official results published by the Central Statistical Office; such cases are marked by the author at the relating section.*



6.2. As a leading player in the construction industry in the domestic market

Our company is a determinative player in the domestic construction material market since the early 2000's.

In the years preceding the crisis in 2009 the renovation of the furnace line at the Beremend Cement Plant was decided. Knowing the later situation, it proved to be forward-looking move, because, in spite of the crisis, the project could be finished as planned in 2009. Beside the much better environmental parameters, it resulted also in the production of quality clinker cement at much lower cost level. This reduction, completed with other cost reduction measures made possible to repay our huge investment credits in the following years.

Unsurprisingly, the Beremend investment was a good example and the owners considered by 2015 that the time is ripe to execute a similar furnace modernisation at Vác as well. With the equipment commissioned in 2018, the consumption of fossile fuels could be lowered resulting not only in better environmental but also economic effects; furthermore, the environmental parameters were significantly improved, what, as a conscious conduct, harmonises with the directions set by the related regulations and laws.

Following a low-keyed investment period lasting for years, serious decisions were passed in 2015: beside the above mentioned investment at Vác, the acquisition of Readymix Hungária Kft. was started and the other investments were also promoted. This upswing lasts even today. Following the takeover of Readymix Hungária, the equipment was integrated and the modernisation (environmental) investment at Vác was finished in spring 2018. The project will be continued with the second section to be commissioned in 2020 increasing the share of the fuel substitution in favour of the alternative ones.

The acquisition of Readymix Hungária Kft. is a significant professional investment (at global level also). Bearing in mind that we are the largest cement producers owning the biggest market share in Hungary, we have nationwide network among the ready-mix concrete producers as well.

According to our medium-term ambitions we make efforts to be a market leading player in this branch, too. It is an important point not only for the fact that the most important user of the cement is the concrete production, but also for the possibility to discover and serve the entire market thanks to the nationwide coverage. Our aggregates branch is not a determinative player. Our goal is to provide the most comprehensive support for our ready-mix concrete production using all available raw material resources of us.



6.3. Clearly and transparently

We, as law-abiding and complying “citizens” make efforts to set real example in the branch in the daily operations as well. This relates not only to our taxation activities and budgetary relations, but also all regulations relating to labour safety, health protection, sponsorship and environmental supports. DDC and its member companies are important players in the local and nationwide economies. As a domestic large enterprise, enjoying the trust of our professional investors, we are proud of our actions to strengthen the Hungarian economy at Beremend for a period of hundred years and at Vác for more than half a century. Today, we operate with the most modern technologies providing competitive wages for our employees.

Our market leading position is the result of persistent and hard work to be preserved in the future as well.



7. Environmental responsibility

We maintain the possibility of development for the following generation, we consider the environmental requirements and the protection of the nature's values.

”

Dr. László Szabó
Technical Director



Environmental responsibility

7.1. Maintaining the biodiversity

Maintaining the biodiversity

Similarly to other heavy industrial activities, the cement production is tightly related to the surrounding environment; therefore, the basis for its operation is the protection of the nature and the provision of sustainable development in the long run.

HeidelbergCement Group, in harmony with the international environment protection strategy, sets out clear objectives to reduce the environmental encumbrance of the natural and artificial environment and ecological systems as well as to avoid the environmental damages and facilitate recultivation. By employing professional skill and the best available technologies (BAT), we can ensure that our companies will operate in compliance with regulations observing the limit values specified.

In the course of creation of environment-conscious production methods the energy saving, the reduction in the consumption of fossil fuels and the secondary base and fuel materials extracted from wastes were preferred.

Continuous recultivation in terms of environment protection

Exploitation of a mine is an integral part of the cement production, influencing temporarily the equilibrium between landscape and wildlife. To restore this equilibrium, our company spends yearly many HUF 10 millions to recultivate the areas withdrawn from the mining. The natural plants of the said areas will be restored and, in compliance with the principles of sustainability, we make efforts to preserve biodiversity as well. Up to now, in the Beremend region 20 ha, while in the Vác region 65 ha were recultivated. The reafforestation should also be mentioned. If the expansion of the mining area requires deforestation, the same number of trees will be planted elsewhere. Not as a part of recultivation.

Soil, water and noise protection

The protection of the soil and groundwater are managed jointly by DDC. We maintain waste storage facilities equipped with water-tight floor and rain water drainage and, where required, additional water purification facilities prevent the waste water from leaving the companies. The quality of the drained water and the groundwater are inspected periodically. In the past years, the low noise load coming from the Beremend and Vác Cement Plants were reduced even further by up to date insulation systems could be reduced still more.

Preserving the local nature values

All caves situated in the Sejce, Beremend and Nagyharsány mines of Duna–Dráva Cement Kft. are protected. (By the law, all caves stand under protection). In the vicinity of these caves special measures are introduced for their protection.

Protecting the most vulnerable ones

Year by year, a record number of bee-eater pairs (70 pairs in 2018) brood in the Beremend Mine. DDC pays special attention to the protection of the endangered bird species, therefore, we have stopped the mining activities in areas where the bee-eaters are disturbed. The company is the proud owner of the title “Bird-friendly company”.

7.2. Environmental and operational consciousness

Cement industrial hightech investment in the Vác Plant Environmental modernisation 2016–2018

Between 2016 and 2018, a modernisation project in an amount of approximately HUF 7 billion was executed in the Vác Plant making another move forward for the protection of the environment by reducing further our inherently low dust emission. It is still important for us to help the population living here as a reliable and stable employer operating in the region. The labour safety was improved helping us to operate sustainably in the future as well. We are proud of the most modern, European-level technology used by our cement plants complying fully with the environmental requirements and we are sure that they will comply with the future most rigorous environmental regulations and emission values.

In the course of the environmental investment we have replaced the electro-filter causing dust emission in case of power cuts for a new, bag filter providing the best possible technological solution for this problem. Thanks to the new bag filter, the dust emission will be reduced further. This technology is applied in the Beremend Plant since 2009 and it served as an example for modernisation in Vác. By establishing the bypass system, the consumption of the fossil fuels was reduced. Instead, the share of the alternative, environment-friendly fuels (biomass or the non-recyclable dangerous wastes with energy content that can be used excellently and safely as fuel) was increased.

Our plants were already developed and modernised, but we consider that it is not enough.

We seek and apply always the most environment-friendly and innovative technologies.



Environment-friendly cement production at Beremend as well

- more than one century of experiences in the cement technology
- modernisation between 2007 and 2009
- investment exceeding HUF 15 billion, 80-85% alternative fuels to heat the furnaces
- significant reduction in the consumption of fossil fuels
- minimum dust emission
- increased energy effectiveness



7.3. Minimum emission

Measuring the direct greenhouse effects

Although DDC has no monitoring system to follow the in-direct greenhouse effects, but we operate a monitoring system observing a number of parameters relating to the direct greenhouse effects.

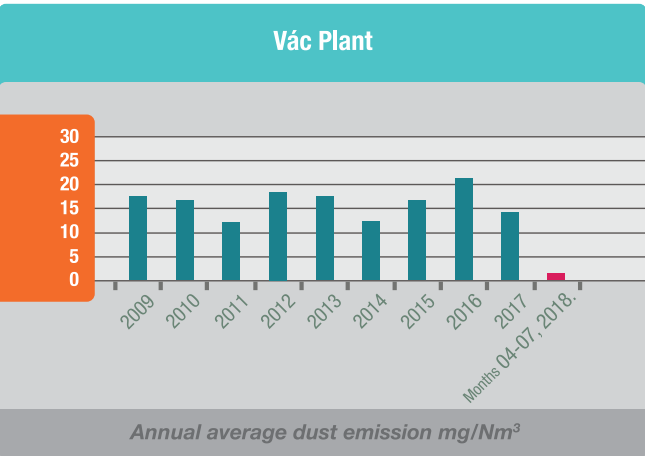
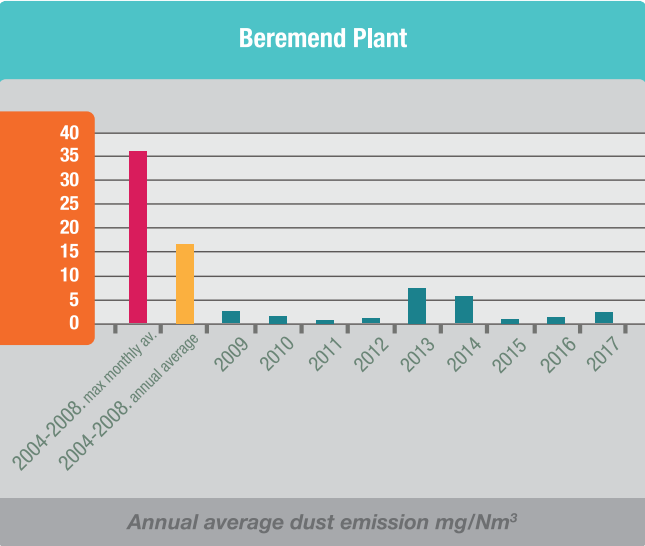
The cement production is a continuous process, however, the intermittent operation of the systems is also possible if the market demands dictate so. When producing clinker in the cement plant, the heat required will be provided by burning fossile, mixed or biomass fuel. The cement plant's total emission, which is displayed with methods laid down in the monitoring plan, is resulting from the operation of fuel burning systems.

The monitoring extends to the following items:

- calcination of the limestone contained in the raw materials,
- traditional fossil fuels of the rotating furnace,
- alternative fuels for the rotating furnace,
- biomass fuel for the rotating furnace,
- natural gas fuel consumption of the stack gas generator.

Amidst directives; continuous monitoring

The cement production is continued in compliance with the regulations based on the Hungarian laws and European directives laid down in the unified environmental permission (EKHE) elaborated for the plants. It's important to underscore the compliance with the Best Available Technologies (BAT) specifying emission rates for the cement production.



Our membership in the Emission Trading System

The greenhouse quota of the Beremend Plant in 2017 amounted to 513 790, while the effective emission value amounts to 363 206 tonnes CO₂/year. The greenhouse emission quota of the Vác Plant amounted to 539 915 in 2017, while the effective emission value was 460 229 tonnes CO₂/year. Both companies saved quotas, i.e. the quantity of emitted CO₂ was lowered.

From the electro-filters to the bag filter system

In the course of modernisation of the Beremend Plant, in 2009, the electrostatic dust separation system applied was replaced with a bag filter system complying with the best available technology principle; thanks to this replacement, the earlier characteristic value of 10-20 mg/Nm³ was decreased to 1-2 mg/Nm³. The same development took place in the Vác Plant in 2018, resulting in the reduction of an emission from 16 mg/Nm³ to 1-2 mg/Nm³.

Measuring the emisson: transparency in focus

The daily and annual average values of the air polluting components measured continuously on the sources belonging to the clinker furnaces will be published in the company's website for the individual plants.

- www.duna-drava.hu/emissziomeres-vac,
- www.duna-drava.hu/emissziomeres-beremend



7.4. Consciousness starts at the fundamentals: using base materials

Alternative raw materials

The raw materials used for the cement production are compounds contained in the Earth’ crust to a large degree. As the properties of the cement are basically determined by the chemical composition instead of the origin of the raw materials, the replacement of the natural raw and fuel materials, with by-products from other industrial branches or properly prepared wastes, i.e. with alternative or secondary raw and fuel materials is possible in the process while the uniform quality of the product will still be sustained. Beside the clinker and bond-controlling gypsum, the cement can contain so called hydraulic auxiliary materials and even limestone in different quantities. By increasing the quantity of these auxiliary materials, the clinker content of the cement can be reduced and, in line with it, the volume of carbon dioxide emitted by a unit cement production. Granulated blast furnace slag, power plant soot and natural pozzolana can be used as hydraulic auxiliary materials.

Alternative raw materials used in the highest quantity

REA-gypsum

The cement industry uses the by-products coming from the stack-gas washing equipment of the thermal power plants and the artificial gypsum as bond controlling materials.

Blast furnace slag

It is produced in the steel and iron blast furnaces.

Soot

Fine dust separated by the filters of thermal power plants using pulverised coal fuel, which, together with the clinker, facilitates the solidification of the cement.

The cements containing auxiliary materials facilitate the satisfaction of special demands in the course of the construction.

Utilising alternative raw and fuel materials

The main driving forces of the changes having taken place in the cement industry in the past decades are the environment protection and cost-efficiency. By the integration of the alternative raw and fuel materials in the processes, the exploitation of the natural resources can be reduced, in fact, this technology solves the problems relating to the deposition of the industrial wastes as well. This is called “win-win” solution in the environment protection.

Wastes as energy source

Everything that replaces the fossil fuels or saves energy facilitates the sustainability. The burning of wastes as fuels belongs to this circle. With the replacement of the fossil fuels the generation of depot gases exerting much stronger greenhouse effect than the carbon dioxide can be prevented. The cement plants utilise the wastes in full; the organic components as energy source, while the inorganic substances as raw material.

Alternative fuels

Beside the fossil fuels, the Vác and Beremend Plants use pre-treated alternative fuels as well, integrated into the technological process in a form expressly intended for firing in cement plants. Namely, the cement producers undertake lower pollutant emission limits with alternative fuels than with traditional ones. Thanks to the stack-gas purification system, the volume of the emission of pollutants is below the limit value. The sophisticated technical solutions for the co-incineration ensure a uniform quality of the cement and the concrete made of it and the improvement of the overall environmental performance.

Fossil fuels



7.5. Reducing the energy and water consumption

The cement industry is a very energy-intensive branch; for this reason we make efforts to minimise the consumption with the presently available most modern technologies in every possible area.

The responsible operation is always listed among our basic values, therefore, we stand for the reduction of the energy consumption in both the production and our office buildings.

The heat consumption of the clinker production and also

the overall electric energy consumption of the company are continuously optimised. We pay special attention to the application of the compressed air produced with high electric energy consumption. For the near future, we plan the thermal insulation of our buildings and the modernisation of the heating systems. In the past years, the modernisation of the lighting system of the office and other buildings of our Cement, Concrete and Aggregates Business Lines was started using energy saving LED illuminators.

7.6. Waste management

The technology of the cement production is virtually free of wastes; the few wastes are generated by the service and auxiliary facilities. Our cement companies operate better as waste utilising facilities, they do jobs related predominantly to the secondary fuels supplied.

The efficiency of the changes in the approach and the measures introduced are confirmed by the numbers as well: in the Vác Plant and in the mine the water consumption fell to one third in 10 years. Bearing the economy in mind, we use recycling in our activities; the waste heat of the compressors will be used to produce urea solution.

To minimise the electric energy consumption, the deionised cooling water of the furnace gas cooling tower will partially be replaced by untreated water. Paying attention to the environmental consciousness, we operate own waste water lifting installations in our plants.

In favour of the utilisation of the wastes arising in the offices, selective waste collection was introduced in the Vác office building in 2016. According to this, the paper and plastic wastes are collected in different bins and there is also a separate one for the batteries.

7.7. Optimised transport on ground and water

For the base material supply, we are looking for options to use river or railway transport to reduce the environment pollution caused by the road transport. When transporting goods to be forwarded on roads, we utilise all possible return good options to reduce the distance to be run by empty trucks. When delivering goods, we choose our company situated nearest to the customer.



7.8. Continuous development

The maintenance of competitiveness requires continuous development. Our innovation efforts are supported by research background provided by our parent companies, the technological centre of HeidelbergCement Group, professional laboratories of SCHWENK Zement KG as well as international research institutes and Hungarian universities.

Spearheading the domestic cement research

The up to date mid-production, central and environment-analytical laboratories and Beton Technológia Centrum Kft. (BTC)'s accredited laboratory play an important role in our own developments. The goal of the innovation is to create concrete compositions to increase the strength and durability of the concrete by elaboration of better solutions at lower environment encumbrance.

Our laboratories participate in international and domestic coal and alternative fuel related interlaboratory studies in close cooperation with the various scientific institutions and domestic universities. In harmony with the novel technologies, our equipment stock is modernised, state of art and safe equipment and methods are used within the processes.

DDC and BTC are in possession of the instrumental and test background required to keep the processes under control by most precise measurements. From the limestone

mine to the delivery of the concrete, the production process is fully monitored and the required interventions can be made.

With its comprehensive activity extended to all regions, the laboratory at Vác plays active role in the support of production within the group. We are proud of our leading role played in the domestic cement industrial research and development!

Continuous innovation

When developing our products, the market demands are considered, but we use raw materials to our products in quantities unconditionally required to the production to protect the mineral resources. The main targets set for the following years is the reduction of the carbon dioxide emission / cement products. The product developments are made by experienced specialists with modern tools increasing the novelty of our products. The processes are supported by a quality-oriented management.

European high tech

Both cement plants are operating with the best high tech complying with the requirements of sustainability. To reach a position like this, in the last few years, development investments were made in volume of HUF-billions; we give a detailed account of this in chapter 7.2.



8. Social topics

The main goal of our human policy is to appear as a reliable, familiar and calculable employer in the life of our present colleagues. We are proud of our practice to accompany our employees from the trainee years even to their retirement and the fluctuation being – under the circumstance prevailing in the branch – comparatively low. The technicians and graduate professionals wanting to work for our company can expect many opportunities to gain experiences and even international career.

”

Mária Bászler
HR Director



Social topics

8.1. Employment, employer's responsibility and management. Reliable, familiar company

Our employment policy

Our employment policy is characterized by keeping the employees, the long-term employment and the social sensitivity. We aim to be considered as a familial, reliable and calculable employer, and in addition we pay much attention to the disciplined behaviour respectively functioning. The company is organized under a collective contract which – compared to the Labour Code – provides much better conditions for the employees.

Stable work environment, moderated fluctuation

Although in the past years – in parallel with the uptake of construction industry and the market of construction materials – the fluctuation picked up here, too, but it is still not outstandingly high. The attrition is characterising mostly the generation of 25–35 years, mostly in the Vác area in the cement business, mostly in the physical and the product delivery areas, and in the concrete and aggregates segments in Budapest and Central Hungary.

Innovation first of all

In 2014 the Continuous Improvement Program (CIP) started at the HeidelbergCement Group and the Duna-Dráva Cement Kft. joined it in 2016. Mostly the blue collar employees participate in the program. Within the program we ask our employees for the innovative ideas that are used during the actual decision making by the competent managers.

On-going development

The objective of the HeidelbergCement Group's Continuous Improvement Program (CIP) aims that the employees give innovative ideas in order to improve their areas, in this way optimizing the processes and reducing the cost. The program concerns the entire production system such as the production process (clinker factory, grinding plant, laboratory, etc.) or the energy and the fuel consumption, but the employees may provide ideas even in the health- and safety-related areas, too. The program aims to establish a „Lean” production process. Step-by-step but steadily terminate the activities and tools that do not provide added value for our customers. We analyze the efficiency of our workforce, too. Several ideas were already used at both cement plants, even in case of the minor processes that concern the everyday life or an improvement that encompasses a longer period.

8.2. Employment/HR practices

Plannable carrier at the DDC

Our HR policy is based on finding, obtaining and keeping the most efficient, motivated and professionally apt employees. This is enabled by the calculability, reliability, the operation within stable legal conditions and the benefits and salaries above average. The financial safety, the working possibility in the long term, the health-related screening schemes, the wide packages of benefits and the strict work protection mean the pillars for the employees.

Finding the new recruits takes place through the internship programs in every area. It is possible to gain professional experience through affiliated companies, then the on-going career and the higher positions have their turn. Through the local and the owners' internship schemes our colleagues can participate in foreign projects, and by providing the further training courses we are integrating the newcomers as fast as possible and most efficiently. With the programs for the youth our company group provides a good basis to prepare and build the successful career. We are offering professional practice and student's work, and our internship program is good for the beginners to enlarge and try their knowledge gained in the educational system.

It is important for us to make the employees consider the DDC as a family-friendly workplace, we assure this through the flexible work, the employment after giving birth and the part time working available for men and women. Every year there is a family day and the new moms receive support for nursery use.

Through Namibia to the JET program

Mr. Tibor Waller is a third-generation cement-industrial worker at the DDC who got to Namibia in connection with his professional practice performed here, then he joined the JET (Junior Engineer Trainee program), too. The young electricity engineer spent 3 years at the plant in Beremend then he trained the new workers in the mother company's plant in Namibia. Due to his successes gotten there he was elected for the international JET trainee program aiming to boost the possibility of gaining experience at international level. Returning to Hungary Tibor was asked to fill the position of electricity master at the Cement plant in Vác. He assumed a significant role in the modernization of the plant in Vác and he also sees his future at the same place.



8.3. Education, further training

Development, being up-to-date through learning

At the DDC the employees have the possibility at the internal training courses to improve and update their knowledge respectively to improve their managerial skills. Its elements: the e-campus, the internal training courses, the professional exchange of experience, the efficiency-increasing professional and managerial training courses. By providing the on-going development possibility, the up-to-date condition we prepare an annual training plan according to the individual needs and competencies. We give feedback about the personal development and performance during the annual evaluation talks respectively for the mid- and top level managers through the Management by Objectives (MbO) system. This is when it is possible to discuss the future expectations and plans, too. Currently we pay high attention to improve our inner performance evaluation system – with special regard to the enlarging of the concrete business.

In order to provide the experts and the new recruits we established intensive connections with universities, colleges and professional training centres. We are looking for the cooperation possibilities with the 7th and 8th grade pupils of the elementary schools and the form-mas-

ters of the grammar schools and for long years we have been operating our „DDC for the talents” scholarship program. In addition on the open days we are present with HR corners, we provide internship programs during summer at mid- and high levels educational level and we also offer topics for the doctorate.

„The summer work helped with my studies since I could use in practice the material learned at the university. I think I developed a lot in regards of professional knowledge and the approach to work as well as with the personality traits.”

Fanni,
trainee at the HR department

„My parents have worked here since the beginning of the factory. This is where I trained as a mechanic and since 1993 I have been working here. I feel good, my colleagues and my supervisors are also good.”

Tamás Porubszky, material analyser,
employee of DDC since 1993

8.4. Diversity and equality

Equality of chances in the everyday life

Our chance-equality principles are determined by the principles defined by the HeidelbergCement Group. In this way we apply the owner's policies for the guideline issued by the international organisations.

Among the chance-equality criteria it is very important to pay attention to the equality between men and women, the equal salaries, the employment of the people with impaired working abilities and the acceptance of minorities within the company. This is possible as much as the company group's activity and the related working features, safety-technical provisions permit it.

Because of the industrial characteristics few women work in top positions, they are much under-represented compared to men. The average age of the top executives is above 55 years – meaning that the number of colleagues close to pension is increasing –, in this way we pay special attention to the issue of the new recruits.

„At the Duna-Dráva Cement Kft. I can work in a people-oriented environment, based on clearly defined expectations.”

Szilvia Szabó
credit management officer, employee of DDC since 2007

8. Social topics

We are all interested in the safety of our workplace, and it can be achieved through the strong cooperation between the company and the employees. We aim that the employees consider safety as a basic value and provide pro-active ideas in this regard and signal if they see some risk. The measures taken jointly help in the on-going and never ending development of work protection.

”

Balázs Miskolci
Head of E&H&S

Social topics

8.5. Work safety

Importance of work protection

As in the European Union, in Hungary and at our company, too, we pay high attention to work protection. Hungary is obliged by law to define the tasks of work protection on the long run and – agreeing with the employees and the employers – establish its national policy related to the protection of working ability, work safety and the working environment.

The work protection policy contributes to the development of work protection, the preserving of the working ability of the employees, the sustenance of health and safety and the increasing of the number of years spent healthy. We can't disregard the recognition of the risks deriving from the traditional (classical) dangers as well as the new ones and their efficient handling. The scientific-technical development, the social changes connected to globalisation can worsen the existing risks and may lead to new ones. The objective is to reduce the risks that endanger the health and safety of the employees since the loss of employment, the medical treatment and rehabilitation cost much more than the investment into the development of work protection.

Prevention is the only possibility with which the work accidents or the work-related damages can be avoided.

Work protection policies, strategies and programs

The regulatory system of work-protection is complex and variable, and there are international provisions, too related to the Duna–Dráva Cement Kft. as a company operating within the European Union. The LXXV act of year 2000, the European Union's strategy of 2014-2020 related to workplace security and health protection, the WHO's Global acting plan for the health of employees (2008–2017) and with the Hungarian XCIII act of 1993 dealing with work protection our company coordinates the work protection at the highest policy level, in the 25th *VIGUT Work protection policy. In addition the factory addendum of the Work protection policy, the Personal use of protective equipment also contains work protection provisions. Since we operate Integrated management systems in our areas where the MEBIR is also a part, thus there are work-protection-related regulators in this system, too.

**VIGUT: CEO instruction*



8.5. Work safety

Work protection training premises and training activity

The plants used to provide the training courses related to safety-technique, such as work protection, fire protection, environment protection, first-aid, etc. in specific ways and with specific tools. The courses were usually theoretical, without practical presentation or actual practice, in this way their efficiency could not be checked easily. The training centre now established in our cement plants changed this situation where there is an equipped training room for the theoretical courses respectively there are premises with the various safety-technical tools, equipped for the practical presentations and simulations. The object enables us to provide consistent training within varying conditions for the employees. The new room can be used for practical and theoretical training, too, and it also serves for the technical and technological courses, in this way supporting the Company's work protection strategy.



Work Safety Week – learning by playing

Initiated by the HeidelbergCement Group we have been organising the so-called Work Safety Week since 2011 at the Duna–Dráva Cement Kft. The programs are important elements for establishing the safety culture. In such cases – by taking out the employees from the usual routine work - they can obtain experience about work-protection and the related areas from other perspectives. External lecturers, experts, specialists, doctors are providing lectures respectively the workers can participate in situational exercises to acquire competences that can be used later during their everyday work.

In the past 7 years the plant teams could participate in games, such as work-protection related races, wall-climbing, office training, or lectures on healthy living or stress management. The invited experts presented the use of protective equipment, gave lectures on fall protection and the rescuing from height similarly to first-aid or the correct use of the defibrillator.

Our employees could participate at fork-lift truck dexterity games, car-driving courses and in escape room games that are related to work protection.



One day at the homestead

Within the annual work-protection program it is already a tradition to organize the company's family day. In 2019 the event for several hundred participants was hosted again by the Új Tanyacsárda in Lajosmizse. There were several exciting programs – horse show, various dexterity and sport games, air-castle and face-painting entertained the employees and their families.

Even the Hill run was loud

In 2019 the racers could participate the 5th time at the run of the Villány wine area, the Hill run of Palkonya. The hilly area and the weather hardened the race but almost 30 participants were open to the challenge, and many of them achieved nice results. The DDC has been sponsoring the event for 4 years. Besides the run in Palkonya our company's employees proved their efficiency at races in Vác, too, and they were succeeding at the Rolling Fields event and the 10-km walking tour of the Tenkes Picnic.



8. Social topics

As an international company we identify ourselves with the global values and norms. We expect ourselves and our partners and our colleagues to comply with these principles, the policies and decrees that assure the sustainable operation, even at procuring level.

”

Norbert Fagyas
Purchasing Manager

Social topics

8.6. Responsibility for the customers, the suppliers and subcontractors

Our sustainable functioning principles are valid even in the procurement politics; we are based on the following three pillars in the procurement area:

1. Growth

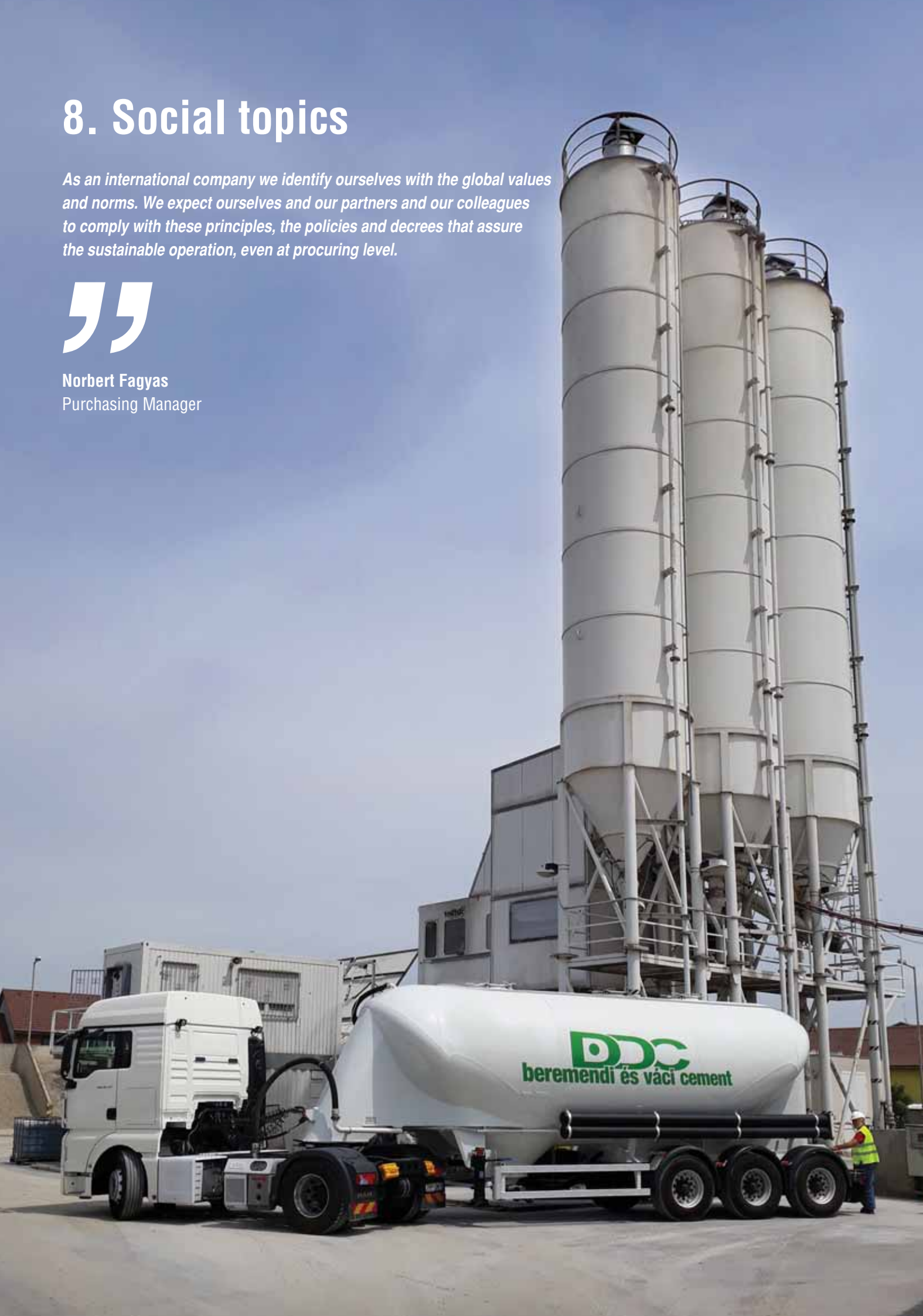
It is important for us to reach our financial goals and assure the smooth supply. We achieve this through the selection of the proper suppliers and their optimal handling, in this way helping one of our most important goals: the increasing of competitiveness. When purchasing the products and services we aim to maintain the cost-efficiency in such a way that we pay high attention to the quality- and environment-related issues, too. Our suppliers have to prove through their activity that they make steps to improve their procedures and cost efficiency.

2. Environment protection

When procuring the products, technology or services we pay high attention to minimise the incurring waste, and reuse it if possible. Regarding the procurement of the raw materials required for cement production it is required to favourise the products that are waste or by-products of other producing activities. If it is possible, we are choosing goods with minimum or no packaging material. We also try to choose close supplying sources, and if there is no such supplier, then we are using the transportation that means least burden for the environment (water, railway), all this to reduce the emission of polluting materials. Our general conditions require us to procure the materials from a company that has an accepted environment protection standard (ISO 14000).

3. Social responsibility

The corporate behavioural policy of the mother company, the HeidelbergCement Group is the basis of our business activities and the procuring area, the CEO instructions and the ethical codex are also based on this. We mean that every employee participating in the purchasing processes has to sustain his independence toward the suppliers. We are committed to safe working environment in the everyday life, therefore we keep analysing the working security system of our suppliers and the compliance with it. Even in a complex supply chain where our company is operating, there are people working, and we should not forget about this. We respect human rights. Not only at our company but at each subsidiary where we are present as owners, we comply with the law and decrees in force. As an internationally active company we are committed toward the global values and norms. We expect our employees and business partners to comply with these principles and recommendations.



9. Society

It was always important for us to behave as a “good owner” when dealing with the region’s natural resources and support the local communities in our area. We are open to every initiative with which we can create values for the people living in our region. We believe that a company can operate in a sustainable way if it takes into consideration its social and natural environment.



Zoltán Guth
Head of Communications

Society

9.1. Local communities

The presence of the DDC is a benefit for the local communities

The cement plants of the Duna–Dráva Cement Kft. are important business players of the areas of Vác and Beremend. In both regions we are among the biggest employers and help in improving the infrastructure. Traditionally our cement plants are active participants of the community life organised in the Vác and Beremend regions. The majority of the employees live nearby, this is also strengthening the Company’s efforts to support the local communities. We have excellent connections with the regional self-governments, the town officials, we cooperate with the local civil and environment protection organisations and the educational institutions. We think the interested people should learn about our activity more. They should see how and where cement is produced, what environment protectional solutions we apply. This is how the popularity of the traditional Open Day of the Cement plants of Vác and Beremend is stable during which several hundreds of visitors are participating. In 2018 besides the interactive plant and mine visit the guests of the Open Day in Vác were among the first to see the result of the HUF 7 billion environment protection investment.

The DDC and the Habitat for Humanity were providing charity together: the Duna–Dráva Cement Kft. supplied the concrete for the renovation of a house enabling a family to get their own home. The program of the Habitat Second Chance provides help for homeless families with children by renovating empty social rental apartments. The DCC joined this initiative.

The future engineers are in safe hands

In 2018 we joined again to the concrete-technological training that takes place through the initiative of the Hungarian Cement, Concrete and Lime-industrial association. Our company has been assuming an important role for years in the top level training of experts, in this way our colleagues share through lectures their experience and expertise that present the international trends. The practical knowledge, the confident work is important in the industry, and besides the theoretical training we enable the students to visit our cement plants and experience the cement- and concrete-making processes.

9.2. Social responsibility

Everybody wins through social responsibility

The DDC's Corporate Social Responsibility (CSR) is focusing at the environment protection, health protection and the community sports as well as the supporting of the local cultural initiatives. From the perspective of the plants' functioning it is essential to have on-going talks with the municipal governments, the local communities and the civil organisations.

The objective, philosophy of the CSR activity

Through our CSR activity we try to give back, to give value to the local communities. Since the intention for the sustainable operation is the base of our philosophy it is natural for us to cooperate with the locals in the social responsibility area. The CSR activity means the supporting and informing of those living close to the plants similarly to the wide application of sustainability. Our main objective is to be present with the sustainability and environment protection at corporate level and it should become a basic value for the wider societal group as a voluntary task. In regards of every element of our operation we think in the long run, this is characterising our CSR programs, too: we consider it as a long-term „investment” in a sustainable and healthy future.

Bird-friendly school-yard in Pécs

In order to teach the children with special educational needs through experience a bird-friendly school-yard was established in Pécs in 2017 at the Életes EGYMI Institute. In order to realize the project we provided HUF 1.5 million within the Green Solution tender. The garden helps in teaching the children with special educational needs in such a way that brings nature closer and helps them in learning the green approach.

Community Herbarium and Training centre

In the Beremend area, in Palkonya a „Community herbarium and training centre” was established in 2016 with the objective to present the herbs, culinary herbs of the region, fungi and the special butterflies that live here because of the special Mediterranean climate. The project aiming to educate the population environmentally is focusing at the green solutions: collection of rain-water, composting, plant protection with natural materials. There is a dryer operating on solar energy and wind to dry the herbs. We supported the creation of the Community herbarium with HUF 1.5 million.



Green Solution tender: environment awareness, community organisation

In 2018 the Duna-Dráva Cement Kft. announced its Green Solution tender for the 8th time with the objective to provide financial sources for the people living close to the Vác and Beremend Cement Plants and those living in Pécs and in the neighbourhood since 2015 for the environment-aware initiatives, developments and programs. The supported projects primarily aim to support the environment-aware functioning of the infrastructure as well as the more efficient utilisation, enabling a wide group to create a more environment-aware life and to learn the natural environment.

The success of the Green Solution is proved by the 41 projects that were realised since 2011 for which the company provided HUF 59 million throughout the years. During this period the green community areas were most popular among the tenderers but they tendered with

pleasure for the educational paths and the bird-friendly gardens, too, in this way helping with the environmental education.

„Discovering “green orchard” in Sződliget

The objective of the project established in the kindergarten close to Vác aims to educate the children to environment awareness, and in this way teaching about the natural values and preserving them as well as creating the values of joint work. In 2016 the kindergarten obtained the second time the support of the DDC's Green Solution tender, the HUF 1 million. Within the project they created a „nature-learning educational path” that involves every organic sense to learn about the “everyday natural wonders”.



9.2. Social responsibility

On environment protection to grammar school students

We think it is important to occasionally present our cement plants to those living in the area. Thus every year since 2015 we have organised the grammar school teachers and their students the DDC Green Alternative Competition and Open Day which is a plant visit to Vác respectively Beremend connected with a series of games.

The Green Alternative Competition and Open Day is presenting the top technology of cement making and the role assumed in the sustainable business for the children of Vác, Beremend and Pécs that is organised once a year, alternately in the cement plant of Vác respectively Beremend.

Earlier in the first online phase of the games the teams had to complete the questionnaire related to the DDC's environment-friendly functioning and they had also to prepare a short video. Last time the teams could prove their skills in the field, besides the theoretical task (questionnaire) they planted trees and plants and decorated one of the parks in Vác with „Land arts“. In the finals the best teams are dealing with cement-industrial and environment-protection-related and dexterity tasks and they can also show their creativity at the fashion show of the clothes and jewels made of cement-sacks and the DDC cement. The games aim that the youngsters living close to the plant get to know the DDC's activity and urge them to acquire the sustainable approach.

A “talent seeker” where there are several hundreds of winners

Our company has paid special attention for years to the wide supporting of the future experts. For the young students we established the „DDC for the talented” scholarship program, and we are supporting the top education students with the theoretical and practical learning. Perseverance, endurance and the more-than-average performance – these are common items related to the 900 grammar and high school youngsters who have already received the „DDC for the talented” scholarship. Those

students of Vác and Beremend for 8 years received and keep receiving the support who are considered with their performance – besides learning – as outstanding and promising in the areas of sport, music or arts. We are providing scholarship for the winners for ten months, and by using this they can improve their skills and achieve their goals. Since the launching of the scholarship program the DDC provided HUF 63 million to the students. Some of them deserved and won the scholarship several times with his committed work shown in the area.

We are decorating / building our environment together

In 2019 we enlarged our social responsibility program with another pillar named the Green Town program. The new initiative aimed to raise the attention of the local community, the people of Vác and the students learning in the area to the principles we have been representing for years: the organised and tidy environments important both within and outside the cement plant. During the 2-day program landscaping and beautifying and garbage-collecting tasks awaited the participating students of Vác and the DDC workers at the KRESZ drivers' training park and flooding area of Deákvár. In the future we intend to extend the program to other areas too.

So far we have already joined the Advent events of the Rotary Club of Pécs during which a modest but diligent young student could receive a support of HUF 100,000. The mission of the Rotary Club of Pécs consists of promoting the solidarity and tries to better the Christmas of 24 grammar or high school students with its program. As part of the Christmas fair in Pécs on each day of the Advent period one of the windows of the famous Nádor Hotel gets open and it is hiding a money award of HUF 100,000 for a young talent. It is important for our company to provide proper background for the young talents, that is why every year we are joining the initiative of the Rotary Club.

9.3. Against corruption and cartelization

1. Guideline on the rules of business ethics and complying with them

This guideline is outlining the HeidelbergCement Group's compliance program in the following topics: obligations, compliance at affiliated companies, contents and tools, consequences in case of non-compliance.

2. Corporate ethical code

The corporate code of ethics is defining the ethical and legal norms related to the everyday business activity.

3. Anti-corruption guideline

This guideline gives information on the situations that may involve corruption risks. It defines the risk-reducing activities, and they need to be applied by every employee during their daily routine.

4. Guideline on complying with the competitiveness law

The guideline provides a view about the responsibility considered from competitiveness perspective, the breach of competitiveness related to the DDC's business areas as well as the legal consequences, the behavioural norms to avoid these, the behaviour related to the investigation by the competitiveness agency. In case of the EEC countries it contains the compliance rules related to the grey cement-specific/cement-based products.

5. Compliance Incident Reporting and Administration guidelines

These guidelines can be connected to the incident types, the reporting channels, the mode of reporting, the principles of investigation and the steps, the people to be notified and the measures taken.

6. Commercial sanctions guideline

The objective of the guideline consists of informing the employees about the principles of the legal provisions with the topic of commercial sanctions in the EU countries and the USA, about the inner organisation and processes within the HeidelbergCement Group, in connection with the commercial sanctions respectively the consequences if the provisions of the present guideline are not complied with.

7. Human rights standpoint

Within the guideline the HeidelbergCement Group assumes to respect the human rights. In every country where the group is present it complies with the law and decrees in force and considers them as the basis for its business activity.

8. Money laundering policy

Since the German money laundering rules stipulate group requirements, the HeidelbergCement AG as the mother company is responsible to assure that the money laundering policies are complied with by the subsidiaries all over the world. The policy contains the procedures that need to be complied with by every subsidiary in order to meet the legal and ethical requirements so that the operation specified according to the money laundering law can be assured.

9. Compliance training

Every year our colleagues receive compliance training. For this every newcomer shall complete the Compliance Basic test and will repeat it every two years. Each colleague receives the brochure of the Corporate ethical code, and the workers of the departments receive tailor-made training. The employees of the special departments and the managers and above will complete the Preventing Corruption test and every two years they complete the Competition Law Curriculum test. The Compliance Officer can be contacted by anybody and any time.



10. Responsibility for our partners and customers

We perform our activity according to the guidelines related to the decent market behaviour. We pay special attention to the information provided toward our partners, similarly to their safety during their cooperation with us, regardless whether it is about data protection, our products or the entry to the plants. These guidelines are accompanying our work processes.

”

János Szarkándi
Chairman - General Manager

Responsibly for our customers and partners

10.1. Safety for the partners arriving at the production areas

We pay special attention to the safety and health of the partners visiting our cement plants during the cooperation with us. We present them the related rules in advance and the partners will prove their understanding through a statement.

We provide full information to the customers and visitors about the safety when they enter the given site. In the cement plant in Vác and Beremend there is a film for this purpose. In case of the cement / concrete plant and stone quarries there are zone maps and risk-announcing indicators which also tell the need to wear the personal protection equipment, informing them about the dangerous zones (red zone) and the things they have to do in order to avoid the accidents.

In these zones it is obligatory to wear the personal protection equipment which means the helmet and visibility vest, goggles and closed shoes. These are available for the visitors in a limited quantity at each site.

For our suppliers and other subcontractors we elaborated the „Safety information for drivers” policy, and we present its content at each department with each contractual vehicle driver partner. The work-, fire- and environment protection rules form the indispensable attachment of all the subcontractors’ supply contract. At the site we are applying a sanction system to comply with the work-protection rules even for the suppliers.

10.2. Informative product labels for the full range orientation

The widening palette of the cement products creates new opportunities in the industry. The packaging that was renewed in 2008 then in 2015 help to get oriented among the various product types, the information printed on the sacks provide efficient help for the customers.

From 2015 the packaging of the cement products of Vác and Beremend indicate proudly the Hungarian and Domestic product brand. The Duna–Dráva Cement Kft. was the first cement-producing company to obtain the famous right to use the Hungarian and Domestic brand.

We keep continuous contact with the customers, every

year we measure their satisfaction level because we are interested what they think of the products and the services. The phone-based or online questionnaire-based survey takes place based on various KPIs during which we are measuring the factual satisfaction level of the customer needs. In function of the obtained results we elaborate and implement measures, among other in connection with the development of our products. The customer satisfaction is between 1 and 10, in the survey of 2018 this value was 9 and we are very proud of it, and we try to sustain or increase this level.

10.3. Authenticity and transparent responsible marketing

The main element of our marketing communication strategy consists of delivering the true understandable information about our company and the products to every concerned party and our activity should be transparent for the public. We believe in honesty and by helping our partners with the responsible decision making when delivering the proper information.

Through the sack design renewed in 2015 our products provide more accurate information about the handling and utilisation related to the given product type. In addition we create connection in several other points with the business partners, on each side we try to have discussions, we take into consideration the customers' feedback. We communicate with the buyers – together with the reseller partner network – using even their channels.

By using their online possibilities we appear on their websites, social media sites and at their sites, in their *POS materials, on their banners, publications, placards, selling tools – making sure the proper information is provided. Naturally we are informing our partners through our channels, by e-mail, on our website, the DDC's online cement-ordering platform, the social media sites (Facebook, YouTube, LinkedIn) and the printed publications and our events (partner meetings, plant visits) provide excellent opportunity for this.

Our activity is supervised by several authorities in connection with the customer protection and decent market behaviour, according to the law in force. Such supervisory authority is the National consumer protection agency or the Competition authority.



**POS = Point of Sale = advertising tools and communication materials at the point of sale*

10.4. Data protection

We pay special attention to the full compliance with the data protection regulation in force in connection with the communication and marketing areas but even the entire company, we regulate our activity at several points so that the data stored and handled by us are safe. There is an assigned data protection person responsible for the related tasks.

Before the GDPR's coming into force our employees could gain information from the Employee information about the handling of personal data by the Employer and they received data protection training. The training is repeated every year by summarising the experience of the past year and considering the new official standpoints. The company has a Data protection policy that covers every department concerned with data protection,

that contains data safety provisions, too. The operation of the recorders used when placing the orders and the cameras operating in the plant are contained in the attachment of the Data protection policy. Simultaneously with the preparation of the data protection policy the Company – last year - modified the inner documents and the contracts with third parties according to the GDPR rules. The Company has Data handling information which stipulates the handling of the data of the third parties (with special regard but not limited to the contracted partners, job applicants, persons participating in promotion / open day, students with scholarship, etc.) as well as the related rights and legal remedies of the concerned parties. The Data handling information can be found on the Company's website.



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