

Registered number: 00300002

HANSON QUARRY PRODUCTS EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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HANSON QUARRY PRODUCTS EUROPE LIMITED

COMPANY INFORMATION

Directors	B Charleton E A Gretton Dr C M Wendt (resigned 28 January 2022) S L Willis J S Whitelaw M D Barlow G J Day J P Morrish A Quilez Somolinos (appointed 28 January 2022)
Company secretary	W F Rogers
Registered number	00300002
Registered office	Hanson House 14 Castle Hill Maidenhead SL6 4JJ
Independent auditors	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR

HANSON QUARRY PRODUCTS EUROPE LIMITED

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HANSON QUARRY PRODUCTS EUROPE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Business review

The Company's principal activity is the supply of materials and services to the construction industry.

Turnover for the year increased by £144,939,000 from £680,725,000 to £825,664,000, a rise of approximately 21%. The operating result before exceptional items increased by £55,953,000 from a profit of £2,019,000 to a profit of £57,972,000. This is due to the increase in demand following the relaxation of COVID-19 restrictions.

An assessment of the impact of changing market conditions on the business was undertaken during the year and as a result the Company impaired fixed assets by £13,621,000, as management identified further sites which had been impacted by the local market conditions. There was also a reversal of previous impairments of £21,319,000 following a re-assessment of assets after an improvement in the performance of certain sites following COVID-19 not having as significant impact going forward as expected. These have been treated as an exceptional items.

The Company's program of divestment of surplus land holdings continued through 2021, realising a net profit on disposal of £22,113,000 during the year.

During the year, the Company partially released the impairment against its investment in its subsidiary Hanson Building Materials Europe Limited by £4,021,000 to bring the carrying value in line with the underlying net assets. In the prior year, an impairment charge of £1,708,168,000 was recognised against this investment.

Directors' statement of compliance with their duty to promote the success of the Company

Section 172 Companies Act

This report sets out how the Directors have complied with section 172 of the Companies Act 2006 in making its strategic decisions during 2021 and in considering the likely long term consequences of those decisions and the need to maintain a reputation for high standards of business conduct. This has involved engagement with all of the Company's key stakeholders to ensure that the Directors understand their views and interests when making decisions and when developing the Company's purpose, values and strategy. The Directors ensure that they listen to and consider the interests of the Company's stakeholders and that they foster relationships with the Company's customers and suppliers. The Directors work to ensure the sustainability of the Company's operations within local communities in the context of the potential impact on the local environment.

Hanson UK Sustainability Policy

Effective management of safety, health, environment, quality, carbon reduction and responsible sourcing is of key importance to the sustained success of the Company's business. The Company's sustainability objectives are reviewed regularly and communicated regularly to employees, contractors, visitors, key stakeholders and our supply chain to inform and promote wider adoption of responsible practices. As a minimum, as a Hanson UK company the Company complies with all applicable law and regulatory requirements. Cooperation in the implementation of Hanson UK's sustainability policy is a condition of employment, partnership and supply.

Full details of Hanson UK's Sustainability Policy can be found on the Hanson UK website at www.hanson.co.uk. The policy sets out Hanson UK's sustainability objectives in terms of: ensuring business and product innovation by engaging with customers and stakeholders to continually improve Hanson UK's sustainability performance and adopt an integrated approach to achieve the highest standards in complying with ISOs 9001, 14001, 45001 and 50001 together with BES 6001, National Highway Sector Scheme 16 and relevant CE certification schemes; ensuring health, safety and wellbeing in the workplace; ensuring environmental responsibility to collaborate with suppliers and fulfil Hanson UK's share of responsibility to limit global temperature rise to below 1.5°C; conserving natural resources and maximising the use of alternative materials and recycling; being a good neighbour based upon transparency and consultation, staff volunteering on community projects, with local jobs and local procurement; and being a fair, respectful and inclusive company.

HANSON QUARRY PRODUCTS EUROPE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Directors' statement of compliance with their duty to promote the success of the Company

(continued)

During 2021 the Company continued to roll out its Hanson UK 2030 commitments in relation to the six key sustainability topics: business and product innovation; health, safety and wellbeing; environmental responsibility; resource use and the circular economy; being a good neighbour; and fairness, inclusion and respect. The 2021 Sustainability Report sets out the 2030 targets and future reports will record progress towards attainment of these objectives.

Late in 2020 Fast Track Targets were set which built upon the existing commitments and bring forward many of the deadlines that were originally targeted for 2030. Whilst the original 2030 commitments must still be achieved the Fast Track Targets focus on six key areas: governance framework; CO2; water; products; land use; and corporate social responsibility.

In 2020 the Company introduced its social value policy which is available on the Hanson UK website www.hanson.co.uk. The social value policy is founded on our values and responsible leadership principles and applies to all areas of our business, our employees and all parties who undertake activity on our behalf. It follows the national TOMS (Themes, Outcomes and Measures) framework and integrates our health, safety and wellbeing, and environmental commitments. A steering group has been established to ensure the principles of the policy are imbedded within the business. During 2021 further work was undertaken to enhance, measure and record Hanson UK's social value impact.

2021

Within the Company's aggregates business, the Company continued or completed various strategic investments through 2021. These included:

- the reopening and commissioning of Weeford Quarry, Freehay Quarry and Swinburne Quarry.
- the opening of new rail depots at West Drayton, Tuebrook and Birmingham, to improve our network of rail-connected depots which will reduce vehicle movements and associated CO2 emissions.
- the commencement and rebuilding of the Pateley Bridge processing plant.

Within the Company's asphalt business, various investments were made across the portfolio of plants including:

- new burners, which will reduce energy consumption and carbon emissions
- several a number of pavers and rollers, which will ensure the business maintains and improves its efficiency.

Within the Company's concrete business, the Company continued to progress or completed the following investments:

- a rebuilding of the concrete production facility at Byfleet, allowing for new standards in efficiency, energy usage and emissions management;
- the installation of a new mixer at King's Cross, London, where the unit loads two vehicles simultaneously and produces high specification, lightweight concretes;
- the new enclosed concrete plants at Victoria Deep Water Terminal in the Royal Borough of Greenwich, where the investments will provide significant visual, air quality and efficiency improvements at a key strategic site, reducing heavy goods traffic by over 100 vehicles a day and allowing better use of the River Thames to transport both raw materials and finished products;
- the construction of a new plant at Frindsbury Wharf, Rochester, which replaced a 30 year old unit which had closed in 2017 and incorporates the latest low-energy batching technology as well as a reclaimer which allows both waste water and wash-out solids to be recycled;
- the building of more mobile concrete plants fed by water barge such as at Battersea which facilitate more concrete production closer to the end use customer thereby reducing road haulage and CO2 discharges.

HANSON QUARRY PRODUCTS EUROPE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Directors' statement of compliance with their duty to promote the success of the Company (continued)

2021 (continued)

In general, all of our investments are made in the interests of ensuring long term sustainable production to service our customers and the continuity of safe operations for our workforce, delivering value for Hanson UK and our parent company and developing meaningful partnerships with our suppliers; investments in new operations facilitate reductions in energy usage, water usage and emissions, lessening the impacts on both the environment and communities.

Information relating to the Company's investments, improvements, performance, outlook and sustainability was presented to our stakeholders through various channels. For employees, this included the Employee Forum, a series of virtual town hall talks presented by the Hanson UK chief executive officer, driver forums and driver engagement days and management meetings with trade unions. Regular video updates from the CEO and business line managing directors on business performance and strategy were provided to the workforce in 2021.

With many staff still working from home since the beginning of the COVID-19 pandemic, communications continue to be adapted to support those not in their normal workplace and many of the briefings were held online using Microsoft Teams software.

The commercial teams continued to principally work remotely with limited face to face visits. The virtual meetings were received well by customers as no time was wasted and meetings were focused and productive. During 2021 many customers continued to advise that face to face visits were for essential purposes only to reduce the risk of spreading COVID-19. Working this way meant that geographical constraints no longer existed and commercial teams could cover larger areas and deliver initiatives quicker. The Company also benefited from reduced fuel usage, and commercial teams benefited from improved wellbeing.

The Company's Contracting division continues its approach of collaborative working with major customers in relation to highways operations, having achieved ISO44001 certification. For the local communities where the Company's sites are situated, engagement included community liaison meetings where possible, although with Social Distancing guidelines in place in 2021, these meetings were often conducted online.

Further investments and improvements in the interest of sustainability and lessening the potential for impact on communities and the environment included:

- the establishment of a biodiversity action plan for every one of our active quarries as well as a number of geodiversity action plans;
- leading the industry's consultation response with the Mineral Products Association ("MPA") on the testing and development of the Biodiversity Net Gain metric;
- delivering crushed rock, sand and gravel by rail and sea wherever possible, saving hundreds of thousands of lorry miles and the associated emissions every year, with each delivery of stone at the Hinkley Point C jetty taking around 250 lorry-loads off the road;
- reducing mains water usage in all of the Company's operations and deploying the use of smart meters at our larger water-using sites;
- maximising the usage of recycled asphalt plantings (RAP) in new asphalt mixes;
- promotion of Hanson's ERA range of warm mix asphalts that typically reduce carbon emissions by 15% compared to standard mixes;
- new washing plants at our quarries to create a new manufactured sand for use in concrete as a substitute for land-won and marine sand;
- promotion of the Hanson EcoPlus concrete range giving customers the opportunity to specify and use low carbon concrete, with the mix incorporating the cement substitute Regen (Ground Granulated Blastfurnace Slag), with every tonne of Regen used in concrete reducing the embodied CO₂ by around 750kg.

HANSON QUARRY PRODUCTS EUROPE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Directors' statement of compliance with their duty to promote the success of the Company (continued)

2021 (continued)

COVID-19 policies and procedures continued to be enforced in 2021 as an integral part of the Company's health and safety workplace processes at the Company's sites, and positive cases or self-isolations were promptly reported and closely monitored. The Company acted as an active member of the MPA COVID-19 task force, sharing information and best practice across the industry.

Continuing improvement in the Company's health and safety performance in 2021 has included: ongoing revisions to our risk assessment processes, has a clearly defined health and safety improvement plan which was reviewed monthly by the Managing Director and which was focussed on the key business risks and actions required to either eliminate or reduce them; tackling Potential Fatal Incidents (PFIs) and Lost Time Incidents (LTIs) to ensure both learnings and remedial actions, as well as ensuring the establishment of root cause analysis for accidents and severe near hits, with hundreds of employees being trained in basic incident investigation and root cause analysis techniques; the introduction of new Econic mixer trucks with high visibility glass and 360-degree cameras to maximise driver visibility and road safety; and operating the Intellex platform for capturing everyday safety conversations, incident and near-hit reporting on site. The Company recognised the importance of mental health and wellbeing with employees continuing to be trained in this area during 2021 and mental health first aiders appointed. Company-wide sessions were also held in 2021 to promote the importance of mental wellbeing amongst the workforce.

Steps taken during 2021 to ensure maintenance of a reputation for high standards of business conduct included training staff in many different compliance areas, covering our Code of Business Conduct, corruption and anti-bribery, competition law, data protection and modern slavery, all supported by a regime of policies and procedures that underpin the Company's purpose and values; the compliance program is supported by an online reporting platform that allows concerns to be reported and investigated outside of reporting lines.

Further information relating to the Company's work at its larger quarries in relation to local community engagement, biodiversity, local career opportunities and its work on reducing energy and water consumption, can be found on the Hanson UK community website www.hanson-communities.co.uk.

Principal risks and uncertainties

Market demand risk

The demand for many products produced by the Company is closely linked with economic conditions. As a result, depressed economic conditions in the United Kingdom have an adverse effect on demand for and pricing of the Company's products which could result in reduced sales and profits.

Most of the markets in which the Company operates are extremely competitive. Local factors such as the number of competitors and production capacity, the proximity of natural resources, economic conditions and product demand exert further competitive pressure. The pricing policies of the Company's competitors in the markets in which it operates can have an adverse effect on the demand for and pricing of the Company's products. Consequently the Company's profitability may be affected.

Seasonality risk

Extended periods of inclement weather, especially periods of heavy or sustained rainfall, during peak construction periods can result in a material reduction in demand for the Company's products. It may also impact the Company's ability to produce products and consequently result in reduced revenues and profits.

Regulatory risk

Government policy relating to the development of transport infrastructure and housing have a significant effect on demand for the Company's products and, as a result, the Company's profitability. Decreases in government funding for transport infrastructure and housing projects could reduce the funds available for spending on the Company's products, therefore potentially reducing sales and profits.

HANSON QUARRY PRODUCTS EUROPE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties (continued)

Changes in government policy or legislation relating to planning, the environment, health and safety and industry related taxes could significantly affect the Company's regulatory compliance and other operating costs. Numerous governmental approvals are required for the Company's operations. In the past the Company has been required to make significant capital expenditure to comply with planning, water, air and solid and hazardous waste regulations. The Company may be required to make similar expenditure in the future to ensure business continuity. The imposition of industry related taxes such as the aggregates levy and the climate change levy increase the costs of the Company and encourage imports of competing products and product substitution.

Energy risk

The Company is a significant purchaser of energy and fuel for the processing and transport of its products. The Company also purchases significant amounts of materials including bitumen for use in asphalt production and cement for use in premix concrete production. The cost of these materials and the cost of energy and fuel fluctuates, sometimes by significant amounts. Increases in the costs of these materials, or their lack of availability can significantly impact the Company's costs and disrupt its operations. The profitability of the Company could be adversely affected if the Company was not able to recoup such costs in the prices of its products. The Company attempts to limit its exposure to these risks by entering into hedges where appropriate.

Systems compliance risk

The implementation of software to improve the efficiency and effectiveness of various business processes is an important contributor to the Company's ongoing operations. Failure to design, select appropriate suppliers and implement such systems effectively could result in unplanned costs or reduced levels of customer satisfaction. This could adversely affect the Company's results and profitability.

Credit risk

Credit risk is the potential exposure of the Company to loss in the event of non-payment by a counter party. The Company controls this credit risk through credit approval limits.

Transport Risk

Transport logistics play an important part in the Company's supply chain whether by road, rail or river. Any material disruption to, or lack of availability, of such transport support could significantly impact operating costs.

Pensions Risk

The Company is a principal employer of the Hanson Industrial Pension Scheme (defined benefit section) (the "Scheme"), which is closed to future accruals. The amounts reported in the accounts relating to the Scheme are based on advice from independent actuaries.

Results under IAS 19 can change dramatically depending on market conditions, and will lead to volatility in the net pension asset on the Company's Balance Sheet and in Other Comprehensive Income. The actuarial assumptions have been set so that they represent a best estimate of future experience from the Scheme. In practice, the true costs for the Scheme could be different to those shown.

HANSON QUARRY PRODUCTS EUROPE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties (continued)

The Scheme exposes the Company to a number of risks, the most significant of which are:

- **Asset volatility** - the Scheme holds a significant proportion of growth assets, which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long term objectives.
- **Changes in bond yields** - A decrease in corporate bond yields will increase the value placed on the Scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the Scheme's bond holdings.
- **Inflation risk** - A significant proportion of the Scheme's benefit obligations are linked to inflation. Meanwhile, the majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the liabilities.
- **Life expectancy** - The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

Financial key performance indicators

Key performance indicators (KPIs) are managed at a divisional level. As a result, the Directors have taken the decision not to disclose performance against KPIs in individual subsidiary financial statements. Management assess divisional performance against a number of financial KPIs including turnover, profitability, sales volumes, average selling prices and market share alongside other non financial KPIs such as health and safety and customer satisfaction. Group performance against KPIs is disclosed in the financial statements of HeidelbergCement AG.

This report was approved by the board on 27 September 2022 and signed on its behalf.



W F Rogers
Secretary

HANSON QUARRY PRODUCTS EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the audited financial statements for the year ended 31 December 2021.

Results and dividends

The profit for the year, after taxation, amounted to £45,755,000 (2020 - loss £52,338,000).

A net actuarial gain of £75,449,000 (2020: loss £51,816,000) was recognised during the year.

No dividend was paid during the year (2020: £6,500,000,000). The Directors do not recommend the payment of a final dividend for the year (2020 - £nil).

Research and development activities

The Company carries out research and development on its own behalf to advance the marketability of its products. Research costs are written off in the year in which they are incurred. Development costs are capitalised if they meet the criteria of IAS 38.

Post balance sheet events

After the year end the Company purchased the share capital of Charterneed Limited together with its subsidiaries, A1 Services (Manchester) Limited and Manchester Waste Recycling Limited.

Future developments

The Directors believe that although there is still a lot of uncertainty concerning energy, raw material availability and costs as a result of the impact of the Ukraine crisis, they will continue to see strong demand for the Company's products and growth in its revenue. The Directors will continue to focus on maintaining margins during a continued period of cost pressures.

Going concern

On the basis of their assessment of the Company's financial position and relevant enquiries, the Directors believe that although there is still a lot of uncertainty concerning energy, raw material availability and costs as a result of the impact of the Ukraine crisis, they continue to see strong demand for the Company's products and growth in its revenue. The Company is able to cover the surge in energy price through price increase. Therefore no material uncertainty exists that may cast significant doubt on the ability of the Company to continue as a going concern.

The Directors have noted that the ultimate parent undertaking, HeidelbergCement AG ("HCAG"), has made an assessment on the impact of the Ukraine crisis upon the wider group. Whilst HCAG is not able to make a reliable forecast of the impact as a result of the Ukraine crisis, its financial statements for the year ended 31 December 2021 continue to be prepared on a going concern basis, whilst recognising that there will be volatility in energy markets ahead and as a consequence, lower growth.

Thus the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the financial statements.

HANSON QUARRY PRODUCTS EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Directors

The Directors who served during the year and up to the date of signing the financial statements were:

B Charleton
E A Gretton
Dr C M Wendt (resigned 28 January 2022)
S L Willis
J S Whitelaw
M D Barlow
G J Day
J P Morrish
A Quilez Somolinos (appointed on 28 January 2022)

Statement of corporate governance arrangements

The Company has adopted The Wates Corporate Governance Principles for Large Private Companies. The summary below sets out how the Company has applied the six principles.

Purpose and Leadership – The board of Directors recognise that the world is undergoing profound changes and that our building materials and solutions shape significant development worldwide and our purpose and leadership principles lay the foundation for the Company's future. At the centre of the Company's actions lies the Company's responsibility for the environment. The Company wants to be the leader in the industry on the path to carbon-neutrality. The Company delivers long-term financial performance through operational excellence, dedication, and openness for change. The Directors have progressive minds with the ambition to drive transformation and want to push the boundaries to strengthen innovation and deepen partnerships with customers and other stakeholders as the Company crafts material solutions for the future. The Company crafts material solutions for the future so that the world can always build on us.

The Directors have defined the Company's strategy as aligning with the customers at all times in the interests of our mutual success. The Company promotes these principles and works to be the first choice for our customers, providing consistently good services and solutions and protecting the local environment. The Directors work to lead by example to ensure high ethical, social and legal standards across all of our business operations, with the Directors committed to ensuring a fair, respectful and inclusive company that encourages a culture of meritocracy, openness, transparency and diversity.

The Company regularly communicates its purpose, values and strategy to its workforce to embed our key objectives and achieve the long-term success of the Company. The Company's Employee Engagement Report sets out more information on the steps the board takes to monitor culture within our organisation.

The Directors champion the ability of employees to report matters of potential misconduct through a regime of compliance policies and training, supported by an online reporting platform that provides employees and third parties with the opportunity to address compliance related concerns independently of reporting lines. The Directors have also embedded processes to identify and manage the conflicts of interest that may arise in the course of Company operations.

Board Composition – the Company's board of directors is led by the chief executive officer, supported by the financial director and the managing directors of the business lines, as well as by the legal and compliance director. The Company's ultimate parent company HeidelbergCement AG has also appointed the relevant area Vorstand director to the board who, whilst not holding the formal title of Chair, may attend relevant board meetings as the senior, non-executive director.

The Directors believe that this provides an appropriate balance in the context of the Company's position as a principal subsidiary of an overseas listed corporation. Since the board of the Company's ultimate parent company has its own non-executive directors as well as a Supervisory Board with its own independent Chair, the Directors are of the view that it would be neither desirable or efficient for the Company to appoint additional non-executive directors or Chair.

HANSON QUARRY PRODUCTS EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of corporate governance arrangements (continued)

The Directors collectively have very extensive levels of experience in the building materials sector and bring a wide range of commercial, operational, management and professional skills to the board. The Directors are also of the view that the size of the board is sufficient and appropriate relative to the Company's turnover and businesses and provides ample capacity to oversee the operations of the Company. Directors continue their own professional development through their respective memberships of the Institute of Quarrying, accountancy and other professional bodies.

The Directors recognise that in line with much of the building materials industry, the Company has more to do to ensure better representation on our board of Directors for the purposes of ensuring diversity in line with the Equalities Act 2010. The Directors have established a fairness, inclusion and respect committee chaired by a managing director, which has published a target for 20 per cent of the Company's senior management to be female by 2025. Furthermore, 30 per cent of the Company's own executive team members are now female, which the Directors believe represents strong progress.

Directors' Responsibilities – regular management of everyday operations and commercial activity is delegated both to the business line managing directors, who meet on a monthly basis, and to the executive committee which meets once every two months. The Hanson UK executive committee also includes each of the human resources, sustainability and IT directors, extending the expertise, capacity and diversity of the Company's senior management.

The business line managing directors focus on health and safety incidents, sustainability, major projects, capital expenditure and business line strategy, whereas the executive committee concentrate on wider policy. These forums facilitate efficient, effective decision making on the basis of informed decisions and debate, both at business line and company-wide levels. Succession planning for every Director and member of the executive team is also in place and reviewed three times a year.

The Company does not have a separate remuneration committee as such, although the remuneration of managing directors includes a long term incentive element in collaboration with the remuneration strategies devised by the Company's ultimate parent company and its own supervisory board.

The Company has a suite of corporate governance policies, which includes: a management responsibilities policy applicable to all directors and requiring financial control, legal and operational compliance, safety and quality across our operations; a dignity and respect policy that safeguards against the risk of bullying and harassment; a fairness, inclusion and respect policy that sets out the Directors' commitment to ensuring a fair, respectful and inclusive Company that encourages a culture of meritocracy, transparency and diversity; and our group's code of business conduct, which sets out requirements in relation to legal compliance, conflicts of interest, the confidentiality of information, fair employment practices and protection of the environment. The Directors keep these policies under periodic review.

Opportunity and Risk – the Company's executive team is incentivised to consider the long term generation and preservation of value since the Company's mineral assets may often require a high level of capital investment and long term planning in order to ensure the continuity of reserves and operations. The Directors carry out annual and quarterly reviews of reserves and resources relative to operational assets and constraints in order to identify short life sites and replenishment needs; long term capital expenditure, property and mineral planning considerations may be required, to provide reserves that can eventually generate value in the long term.

The Company also has a general risk committee that meets on a quarterly basis and supervises Hanson UK's risk management processes and associated reporting. Risks across the business are owned in the first instance by operations and employees, subject to review by the executive committee and the general risk committee.

The Directors have also implemented an internal control framework comprising measures ranging from accounting controls and delegated levels of financial authority to detailed capital expenditure, financial reporting and contract requirements, underpinned by periodic internal audit, with regular reports to the Directors and the Company's ultimate parent company.

HANSON QUARRY PRODUCTS EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of corporate governance arrangements (continued)

Executive Remuneration – executive remuneration follows the same structure as the Company's other management grades, incorporating basic pay, with variable pay based upon annual objectives for the Company and the individual, as well as providing a number of benefits such as car provision, health cover and participation in the Company's defined contribution pension scheme; the Company's levels of remuneration are designed to secure and retain a high calibre of management and a skilled workforce, with executive remuneration being benchmarked against other salary bands within the Company, as well as against any available sector data; the Company has adopted the Hay job evaluation methodologies to objectively grade every staff function.

Whilst the Company does not have a separate remuneration committee, the Company's remuneration levels are reviewed and subject to annual approval by the Company's ultimate parent company, based upon the policies of the ultimate parent company's own supervisory board; long term incentives are offered to the senior executive directors to complement both long service and the sustainable success of the company. Annual objectives include performance objectives to ensure successful, efficient, sustainable operations that will encourage the generation of value in the mid and long term, whilst promoting safe operations for our workforce, drivers and contractors; performance objectives are also set out on the basis of the Company's vision and strategy.

The Company has acknowledged the existence of a gender pay gap based upon the number of women in senior management and certain operational roles. The Directors are taking steps to address the gap in relation to matters such as leadership, recruitment and monitoring.

Stakeholder Relationships and Engagement - the Company's s172 Statement includes a summary of how the Company engaged with key stakeholders during 2021. The Employee Engagement Report also sets out the many steps the Company takes to engage with its workforce. The Directors believe it is essential for the Company to engage proactively and meaningfully with all key stakeholders: with our customers; with local communities; with our employees; and with our contractors and suppliers.

As set out in the Employee Engagement Report, the Company has established an employee forum that includes representatives from the various business lines. The forum meets at least once a year and engages with the Hanson UK chief executive officer and managing directors with regard to business performance and prospects, strategic objectives, health and safety and the sustainability of operations. The chief executive officer also holds a series of national communication roadshows every year in the form of informal town hall talks where similar matters are presented to and discussed with the workforce.

Business update videos are regularly issued to employees, along with the Hanson UK Team magazine which set out updates on business performance, strategy and the steps we take to support local communities. Driver forums and similar dialogues with trade unions are also held.

The Company has also implemented many steps to engage with employees and prioritise health and safety. These include: the regular attendance on site by the executive team to ensure visibly felt leadership although these visits were limited in 2021 due to COVID-19 restrictions; an annual safety week, when employees focus on safety management and clean, safe sites; a Back to Work safety day on the first working day of each year; and business line health and safety improvement plans covering a range of topics throughout the year to help foster a culture of zero harm. COVID-19 policies and procedures were rapidly introduced at the Company's sites, and positive cases or self-isolations were promptly reported and closely monitored. The Company acted as an active member of the Mineral Products Association COVID-19 task force, sharing information and best practice across the industry.

A strong regime of policies, procedures and training supports the Company's purpose and values, embedding safe working practices and requiring compliance with applicable laws on matters such as bribery and corruption, modern slavery, data protection and competition law, supported by an online reporting platform that allows concerns to be reported and investigated outside of reporting lines.

Hanson UK engages with its customers on many different levels. Our commercial teams plan ahead to ensure field visits to customer sites and regular proactive outbound telephone calls from our customer service centre. This allows for meaningful dialogue and feedback so that our services and products can be delivered as customers need. However since the onset of the COVID-19 pandemic in 2020, these meetings have been largely replaced by virtual meetings via Microsoft Teams.

HANSON QUARRY PRODUCTS EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of corporate governance arrangements (continued)

We have invested in customer focussed programs such as Customer Excellence, Sales is a Science and Professional Skills. These are designed to ensure we understand the needs of our customers so that we can provide services and solutions that deliver value for our customers, allowing us to realign product and service offerings.

We also reach out to customers by offering shared Continuous Professional Development (CPD) seminars, supporting designers, architects and engineers within customer operations on innovative products and specifying sustainable concrete. We also operate a merchant academy that supports staff within our merchant customers with technical support and training.

Our larger sites and quarries also facilitate engagement and have restarted holding community liaison meetings with local residents as the COVID-19 restrictions are relaxed sufficiently. The Company values long term relationships to ensure that we retain local support for the sustainability of our operations. We have established a dedicated website www.hanson-communities.co.uk that facilitates strong levels of engagement with communities at our larger sites and quarries.

These dedicated community pages provide immediate contact information for site management and also provide information on matters such as visits from schools and resident groups, the local ecology and our conservation programs, our support for projects in the community, as well as career opportunities.

Our regular trade press releases and presence on social media platforms such as Facebook, LinkedIn, Twitter and Instagram also allow for engagement with our customers, suppliers and other stakeholders. We also operate an up-to-date, optimised website that is designed to allow quick and simple access by customers and other stakeholders using mobile devices.

With regard to our suppliers, the Company allows for both competitive tendering and the establishment of longer-term strategic relationships and framework agreements. Suppliers are required to accept our Supplier Code of Conduct, which helps foster sustainable partnerships based on mutual trust, requiring vendor compliance with international social accountability standard SA8000, environment standard ISO 14001 and the principles of the International Labour Organisation. Together with our Supplier Code, these set out vendor requirements on matters such as working conditions, environmental compliance, health and safety, business ethics, respect for human rights, freedom from discrimination, as well as the requirement that our own vendors require upstream adherence in their own supply chains.

Collectively, the Directors believe that the Company's stakeholder engagement facilitates dialogue and two-way communication that foster the effective sustainable relationships with our key stakeholders

Engagement with stakeholders

The Directors' statement on compliance with their duty to promote the success of the Company included within the Strategic Report includes a summary of how the Company engaged with its key stakeholders during 2021.

Engagement with employees

The Company takes a number of measures to ensure proactive and meaningful engagement with its workforce - this applies to all employees and all companies within Hanson UK.

Hanson UK values engagement with its workforce, as a key stakeholder. The engagement takes place on many different levels, using a variety of formal and informal measures, which facilitates two-way dialogue to ensure employees have a direct voice to the executive team.

HANSON QUARRY PRODUCTS EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Engagement with employees (continued)

An employee forum has been established, with 11 active employee representatives representing the various business lines and staff functions. Historically, the forum met once a year with additional meetings held at the request of either the employee representatives or management. However, weekly meetings with the employee forum were held from the start of the COVID-19 crisis, and continued in 2021 keeping the representatives abreast of changing policies, business impact and performance with the forum members raising questions and providing feedback on behalf of their constituents.

Four members of the forum also sit on the ultimate parent company's European Works Council, which the Directors believe represents a positive opportunity for the UK workforce to make its voice heard directly at the level of the ultimate parent company.

The employee forum acts as a key information and discussion channel between employees and executive management. At the September 2021 meeting, Hanson UK's chief executive officer (CEO), together with business line managing directors, provided detailed updates on health and safety progress and related improvement plans, on sustainability and our commitment to achieving carbon neutrality, on business performance and market outlook, as well as on the core objectives of our strategy.

Employee representatives raised numerous points of discussion during the meeting, with employees invited to anonymously submit questions in advance. These processes lead to a combination of management commitments, reviews and explanations on a wide range of safety, environmental, operational and commercial matters. Minutes are taken which are published on the Hanson UK intranet, together with the questions and answers. The Directors believe that the employee forum provides a positive and transparent means of engaging with the workforce as a key stakeholder, in the interests of the long term sustainability of the Company and its operations.

In addition to the employee forum, the CEO delivers a national leadership communication roadshow each year. These take the form of informal town hall talks, with the CEO providing detailed updates to staff regarding business performance, strategy and the priorities for the year ahead, as well as giving the workforce the opportunity to put questions directly to the senior management in attendance.

Other measures to facilitate effective engagement with the employees include the use of regular business update videos by executive management, as well as the quarterly publication of Hanson UK's Team magazine, which is sent to every employee's home address, and includes regular updates through the year on business performance and strategy. Hanson UK's Team magazine also communicates to employees the many positive measures Hanson UK takes to support our local communities as key stakeholders in the context of the long-term sustainability of our operations.

Since the COVID-19 crisis started, the CEO issued frequent business updates via video to all employees and regular announcements were issued outlining Hanson UK's actions relating to COVID-19. Generally, digital communications increased and the regular newsletters to employees, including those furloughed, continued.

The Directors also value the consultations undertaken with trade unions, setting out detailed business performance updates when meeting with them. Driver forums have also been established, allowing focused engagement and briefings with the personnel in the supply chain. The Head of Human Resources supervises all of these processes and a member of the Hanson UK executive team reports back on a monthly basis on feedback received from employees and on how the Company's values and culture are embedded within the workforce. Employee surveys have also been carried out periodically as a further means of monitoring the culture and values within our workforce, leading to the development of plans for managers to address feedback received. The 2021 employee survey showed a 10% increase in employee engagement. The results were cascaded throughout the organisation and action plans are developed and implemented within each business line as well as Hanson UK. The next survey will be carried out in Autumn 2022.

HANSON QUARRY PRODUCTS EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Engagement with employees (continued)

Hanson UK values the importance of visibly felt leadership in managing all its operations. This involves executive management regularly attending site, to lead by example and engage with staff with regard to the vision, values and culture of Hanson UK, in order to ensure the health and safety of the employees and to monitor the degree to which our values are embedded within our operations. Site visits were disrupted by COVID-19 and only direct line management attended during this time as only essential visits were permitted since the commencement of the coronavirus crisis.

A further component of engagement with employees is the annual Hanson UK return to work carried out on the first working day of the New Year, with a Back to Work safety stand down before the year's operations commenced, in order to cascade the 2021 year end performance and to communicate the plans for 2022. Each business line has put in place health and safety improvement plans which cover a range of topics throughout the year.

Further to the establishment of a health and wellbeing steering group, chaired by a managing director of Hanson UK, which is responsible for the supervision of Hanson UK's health and wellbeing campaign, a range of themed activities took place throughout 2021. The health and wellbeing of employees are priorities which impact the success of the business. The steering group advocates mental and physical wellness for everyone at Hanson UK and encourages employees from all operations to become involved. Specialist Start the Conversation training is provided to line managers and supervisors and Hanson UK works closely with the charity Mates in Mind to raise awareness of mental health issues among staff and provide mental health first aid training, so that managers feel able to recognise warning signs and ensure support. Sessions available to Hanson UK were held in 2021 which concentrated on the importance of mental wellbeing amongst the workforce.

Employees are provided with an occupational health program that includes annual and biennial medicals depending on job profile. An Employee Assistance Programme (EAP) provides employees with immediate access to confidential 24-hour telephone counselling and support. The helpline is available to support all Hanson UK employees and provides support through work and life issues and problems arising, ranging from legal to medical, stress and general health, fitness and wellbeing advice. The EAP is completely confidential, with high level statistical information relating to usage level being passed to management for periodic review.

Hanson UK's values are also underpinned by a broad range of policies ranging from management responsibilities and matters of legal compliance, to dignity at work and ensuring fairness, inclusion and respect in the workplace at all times. Where employees do not feel able to express concerns within the structure of reporting lines, an online reporting platform has been established to provide employees with an opportunity to address any compliance related concerns and matters of potential policy transgression, within a safe and protected process; issues raised are reviewed and investigated, with reporting back to the Hanson UK executive team

The various measures described in this report are reviewed annually by the Hanson UK executive team and the Company believes that collectively they allow for a strong level of communication and engagement with employees.

Employee involvement

The Company carries out its business through a regional structure, consisting of business units.

Each of these business units is encouraged to make its employees aware of the financial and economic factors affecting the performance of their employing unit. Such businesses evolve their own consultative policies. Methods of communication used include bulletins, intranet and management briefings. Employment policies are designed to provide equal opportunities irrespective of colour, ethnic or national origin, sex or marital status.

Training for employees continues in line with the economic climate prevailing within each of the businesses. Courses and seminars are held particularly in the field of industry associated technology.

HANSON QUARRY PRODUCTS EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Disabled employees

The Company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the Company's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Streamlined Energy and Carbon Reporting

The Streamlined Energy and Carbon Reporting ("SECR") disclosure presents the Company carbon footprint within the United Kingdom across Scope 1, 2 and to some extent scope 3 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency actions summary taken during the relevant financial year.

	Year to 31 Dec 2021	Year to 31 Dec 2020
Energy consumption used to calculate emissions (kWh)	266,569,704	253,321,474
Emissions from combustion of gas tCO ₂ e (Scope 1)	20,877	21,068
Emissions from combustion of fuel for transport purposes tCO ₂ e (Scope 1)	12,132	11,574
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel tCO ₂ e (Scope 3)	0	0
Emissions from purchased electricity tCO ₂ e (Scope 2, location-based)	21,357	20,933
Total gross tCO ₂ e based on above*	54,366	53,575
Intensity ratio (tCO ₂ e/Turnover in £000)	0.0658	0.0787

Energy Efficiency Action Summary

The Company forms part of the Hanson UK operating division of HeidelbergCement AG. The Directors believe that effective management of safety, health, environment, quality, energy, carbon, and responsible sourcing is of key importance to the continued and sustainable success of the business. The Company continues to use a systematic and integrated approach to energy and carbon reductions through its accredited management systems and is certified to both ISO 14001 Environmental Management and ISO 50001 Energy Management. The Energy Management system covers Hanson UK, which includes the Company.

The Company takes a holistic approach to net zero and is developing strategic carbon roadmaps across each product group to help fulfil its share of the responsibility to keep the global temperature rise below 1.5°C. Science-based targets have been set and, as a group, HeidelbergCement AG aims to lead the market in sustainable action and ambition.

HANSON QUARRY PRODUCTS EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Streamlined Energy and Carbon Reporting (continued)

Energy Efficiency Action Summary (continued)

The Company strives for improvement opportunities across sites and operations and have recently completed a number of projects including:

- The Company is continuing to see the benefits of the revised quarry development plans. The plans are designed to reduce vehicle movements whilst also reducing inclines through better ramp design. The Company has also focused on an initiative known as "total rock solution" to produce a natural sand replacement for Concrete production utilising 100% rock fines. With the Aggregates, Asphalt and Concrete teams working together the aim has been to increase levels of self-supply and reduce the levels of bought in filler and dust discharges to landfill. Results have been very good providing high levels of efficiency through lean management and good quarry practice including digital blast triggers for increased efficiency and yield. These are expected to develop further in 2022 as more opportunities are realised. The Aggregates business has also carried out successful trials of gas oil alternatives for mobile plant operations with plans to develop this further in 2022.
- The Asphalt business line has made several key investments during 2021 including progressing with the installation of replacement burners and the completion of commissioning of the wholly new production plant at Allington. The business line has continued to focus on information technology optimising mix composition and temperature profiles with further developments in low temperature asphalt. The use of recycled asphalt pavement (RAP) gives significant sustainability benefits and is a key material used in products. Through strategic plant investments combined with stakeholder and supply chain engagement the business has been able to significantly increase the recycled content of product. The business line has also carried out a review of compressed air requirements and has made changes for key equipment in the generation, drying and importantly the use of compressed air. Trial compressed air flow meters have now been installed and these will be monitored in 2022. With increasing volatility in the supply of asphalt fuels the business has taken the opportunity to increase its resilience by readying production plants with the capability to use a wider variety of alternative fuels.
- Through quarry development plans the business has developed strategic railheads at several locations including reopening the railhead serving its Penmaenmawr Quarry in north Wales as part of a UK rail strategy to reduce road vehicle movements and cut associated CO2 emissions.
- The Concrete business line will also benefit from rail deliveries with the new Birmingham concrete plant ideally situated and designed to receive raw materials via rail. Together with a drive to use greater volumes of mechanically recovered sand and a higher proportion of cement alternatives in mix designs the focus has been to significantly reduce the CO2 impact of concrete produced.

The Company has also embedded a culture of proactive and preventative maintenance using advanced tools such as vibration analysis and oil sampling. These systems maximise the effectiveness of process equipment and reduce destructive down time. An assessment of carbon and energy efficiency benefits is now standard on all relevant capital expenditure.

The Company's primary electricity supply remains the zero carbon "BLUE for business" tariff from EDF, the only exceptions being our landlord sites. The Directors continue to support development projects for renewable energy including solar generation in partnership with suppliers at the Company's sites and within the wider supply chain. The Company has committed to decarbonising Company cars and vans and has now started to progressively increase the installation of charging points across its sites and electric vehicles are available as a choice.

The Company aims to conserve natural resources using resources appropriately and sustainably and, where possible, by substituting primary resources with alternative and recycled materials. The Company is also certified to ISO 6001 Responsible Sourcing of Construction Products.

HANSON QUARRY PRODUCTS EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Streamlined Energy and Carbon Reporting (continued)

Methodology Notes

Reporting Period	January 2021 – December 2021
Boundary (consolidation approach)	Operational approach
Alignment with financial reporting	SECR disclosure has been prepared in line with Hanson Quarry Products Europe Limited's annual accounts made up to 31 December 2021
Reporting method	GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard
Emissions factor source	DEFRA, 2021 for all emissions factors https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021
Conversion factor source	Natural Gas and gasoline: Federal Register EPA; 40 CFR Part 98; e-CFR, June 13, 2017 EPA GHG Emission Factors Hub Diesel: U.S. Energy Information Administration – British Thermal Unit Conversion factors 2020 LPG: Climate Leaders Greenhouse Gas Inventory Protocol Core Module Guidance Direct Emissions from Stationary Combustion Sources 2008
Calculation method	Activity Data x Emission Factor = GHG emissions (tCO ₂ e) Activity Data x Conversion Factor = kWh consumption
Other relevant information on calculation	Where applicable consumption was converted to kWh using conversion factors linked above, while emissions were calculated with the DEFRA emission factors. The percentage of the Hanson Quarry Products Europe Limited employee numbers of the total employee numbers (64.8%) is applied to the total transport diesel and petrol amount to estimate the company's usage. Diesel usage by forklift trucks is not yet tracked separately. An average 3.95 litre per hour consumption is assumed. Source: https://forkliftbriefing.com/save-money/the-forklift-fuel-robbery/ Based on experience an average of 2 hours per run time a day for all working days in the UK is estimated for 2 machines that work on sites. Less than 1% of the total electric power consumption and 8% of the total natural gas consumption were based on estimated figures. Depending on the nature of the missing data the following estimation methods were used: Average value of +/-2 surrounding months; Average value from past 3 months; Value from the same month of the prior year.
Exclusions	The Scope 3 transport fuels and the associated emissions were calculated in the first reporting year and were found to be de minimis. The usage was 2,140 litres of diesel and 3,088 litres of petrol in financial year 2020. Using the 2021 DEFRA factors for conversion these add up to 12.15 tCO ₂ e, which is less than 0.02% of the company's total annual emissions. As the information is not practical to obtain routinely and is immaterial, we have excluded this category from our annual reporting. The usage of the truck fleet is non reportable as the company hires a franchise company.
Reason for the intensity measurement choice	For consistency, due to the cement market data order, turnover has been chosen for our intensity metric as the company is precluded by law from publishing production data. Turnover reflects business performance and following the recommendations of the SECR reporting guidance on financial metrics.
Rounding	Due to rounding there might be a minor difference compared to the actual GHG emissions (no more than 1%).

HANSON QUARRY PRODUCTS EUROPE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Directors' indemnity

HeidelbergCement AG has indemnified, by means of directors' and officers' liability insurance, one or more Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' Report.

The articles of association also provide for the Directors to be indemnified by the Company subject to the provisions of the Companies Act.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP, having indicated their willingness to act will continue in office, as auditors of the Company, in accordance with section 487 of the Companies Act 2006.

This report was approved by the board on 27 September 2022 and signed on its behalf.



W F Rogers
Secretary

HANSON QUARRY PRODUCTS EUROPE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

This Responsibilities Statement was approved by the board on 27 September 2022 and signed on its behalf.



W F Rogers
Secretary

Independent auditors' report to the members of Hanson Quarry Products Europe Limited

Report on the audit of the financial statements

Opinion

In our opinion, Hanson Quarry Products Europe Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2021; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Testing the mathematical integrity of the cash flow forecasts and the models and reconciling these to Board approved budgets;

HANSON QUARRY PRODUCTS EUROPE LIMITED

- Performing a comparison of budget versus prior year actuals to assess management's ability to forecast accurately;
- Understanding the key assumptions management have applied in developing their forecasts. Where appropriate, we engaged experts to assess management assumptions or validated the assumptions to third party information;
- Assessing the disclosure given in the financial statements in respect of going concern and whether it gives a fair and balanced view.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

HANSON QUARRY PRODUCTS EUROPE LIMITED

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK environmental regulations, health, safety and employment regulations and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries; omitting, advancing or delaying recognition of events and transactions that have occurred during the reporting period, and management bias in accounting estimates or judgements to manipulate results. Audit procedures performed by the engagement team included:

- Reviewing meeting minutes of the board for evidence of breaches of regulations and further reviewing any relevant correspondence.
- Identifying and testing journal entries based on our risk assessment and evaluating whether there was evidence of management bias that represents a risk of material misstatement due to fraud.
- Inquiries of management in respect of any known or suspected instances of non compliance with laws and regulations and fraud.
- Challenging assumptions and judgements made by management in their significant accounting estimates and obtaining corroborative evidence to support their reasonableness.
- Incorporating an element of unpredictability into the audit procedures performed.
- Reviewing outstanding legal cases and claims against the Company.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

HANSON QUARRY PRODUCTS EUROPE LIMITED

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Stuart Couch (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
27 September 2022

HANSON QUARRY PRODUCTS EUROPE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Turnover	4	825,664	680,725
Change in stocks of finished goods and work in progress		(1,364)	(7,071)
Other operating income	5	39,441	28,014
Raw materials and consumables		(485,790)	(397,678)
Other operating expenses	6	(174,979)	(157,710)
Exceptional items	7	11,368	(1,805,003)
Staff costs	9	(113,079)	(107,576)
Depreciation and amortisation	15,17	(31,921)	(36,685)
Operating profit/(loss)		69,340	(1,802,984)
Income from shares in group undertakings		-	1,736,164
Interest receivable and similar income	11	6,950	11,628
Interest payable and similar expenses	12	(3,393)	(4,126)
Profit/(loss) before tax		72,897	(59,318)
Tax on profit/(loss)	13	(27,142)	6,980
Profit/(loss) for the financial year		45,755	(52,338)
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss:			
Actuarial gain / (loss) on defined benefit schemes	29	121,220	(56,218)
Movements on deferred tax relating to pension surplus		(45,771)	4,402
		75,449	(51,816)
Total comprehensive income/(expense) for the year		121,204	(104,154)

All amount relate to continuing operations.

The notes on pages 28 to 62 and Appendix I form part of these financial statements.

HANSON QUARRY PRODUCTS EUROPE LIMITED
REGISTERED NUMBER: 00300002

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Non current assets			
Goodwill	16	5,117	5,117
Other Intangible assets	15	1,000	1,621
Tangible assets	17	502,160	477,758
Investments	18	627,325	623,304
Defined benefit pension scheme asset	29	639,337	514,752
		<u>1,774,939</u>	<u>1,622,552</u>
Current assets			
Stocks	19	49,614	48,177
Debtors	20	643,540	595,841
Cash at bank and in hand	21	9,820	13,023
		<u>702,974</u>	<u>657,041</u>
Creditors: amounts falling due within one year	22	<u>(548,534)</u>	<u>(535,220)</u>
Net current assets		<u>154,440</u>	<u>121,821</u>
Total assets less current liabilities		<u>1,929,379</u>	<u>1,744,373</u>
Creditors: amounts falling due after more than one year	23	<u>(71,841)</u>	<u>(78,377)</u>
		<u>1,857,538</u>	<u>1,665,996</u>
Provisions for liabilities			
Deferred taxation	25	(174,729)	(102,054)
Other provisions	26	(33,735)	(36,072)
		<u>(208,464)</u>	<u>(138,126)</u>
Net assets		<u><u>1,649,074</u></u>	<u><u>1,527,870</u></u>

HANSON QUARRY PRODUCTS EUROPE LIMITED
REGISTERED NUMBER: 00300002

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Capital and reserves			
Called up share capital	27	51,917	51,917
Revaluation reserve	28	195,297	195,297
Other reserves	28	4,650	4,650
Profit and loss account	28	1,397,210	1,276,006
Total equity		1,649,074	1,527,870

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2022.



A Quilez Somolinos
Director

The notes on pages 28 to 62 and Appendix I form part of these financial statements.

HANSON QUARRY PRODUCTS EUROPE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2021	51,917	195,297	4,650	1,276,006	1,527,870
Comprehensive income for the year					
Profit for the year	-	-	-	45,755	45,755
Actuarial gains on pension scheme asset net of deferred taxation	-	-	-	75,449	75,449
Other comprehensive income for the year	-	-	-	75,449	75,449
Total comprehensive income for the year	-	-	-	121,204	121,204
At 31 December 2021	51,917	195,297	4,650	1,397,210	1,649,074

The notes on pages 28 to 62 and Appendix I form part of these financial statements.

HANSON QUARRY PRODUCTS EUROPE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2020	51,917	195,297	4,650	7,880,160	8,132,024
Comprehensive expense for the year					
Loss for the year	-	-	-	(52,338)	(52,338)
Actuarial losses on pension scheme asset net of deferred taxation	-	-	-	(51,816)	(51,816)
Other comprehensive expense for the year	-	-	-	(51,816)	(51,816)
Total comprehensive expense for the year	-	-	-	(104,154)	(104,154)
Contributions by and distributions to owners					
Dividend paid	-	-	-	(6,500,000)	(6,500,000)
At 31 December 2020	51,917	195,297	4,650	1,276,006	1,527,870

The notes on pages 28 to 62 and Appendix I form part of these financial statements.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Hanson Quarry Products Europe Limited ("the Company") is a limited company incorporated and domiciled in the United Kingdom. The address of its registered office and principal place of business is disclosed in the Company Information.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 (FRS101) 'Reduced Disclosure Framework' and the Companies Act 2006.

The Company's financial statements are presented in Sterling, which is also the Company's functional currency, and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have, unless otherwise stated, been consistently applied to all periods presented.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions (continued)

- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets:

This information is included in the consolidated financial statements of HeidelbergCement AG as at 31 December 2021 and these financial statements may be obtained from Berliner Strasse 6, D 69120 Heidelberg, Germany.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The company recognises revenue when performance obligations have been satisfied and for the company this is when the goods or services have transferred to the customer and the customer has the control of these. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Construction contracts

Revenue from sale of contracting is recognised over time as the work is performed. In this case control is transferred to the customer over time. Revenue is recognised on a cost plus basis (incurred cost plus fee) or schedule of rates basis (work physically completed multiplied by rates).

Contract revenue

Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue, and they can be reliably measured.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.3 Revenue (continued)

Contract costs

Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: site labour costs (including site supervision); costs of materials used in construction; depreciation of equipment used on the contract; costs of design, and technical assistance that is directly related to the contract.

Where contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. For service contracts including a goods element, revenue for the separate good is recognised at a point in time when the good is delivered, the legal title has passed and the customer has accepted the good.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

The Company will not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between transfer of goods or services and the receipt of payment will be one year or less.

The Company may recognise the incremental costs of obtaining a contract as an expense when incurred, if the expected amortisation period is one year or less.

2.4 Going concern

On the basis of their assessment of the Company's financial position and relevant enquiries, the Directors believe that although there is still a lot of uncertainty concerning energy, raw material availability and costs as a result of the impact of the Ukraine crisis, we continue to see strong demand for our products and growth in our revenue. The Company is able to cover the surge in energy price through price increase. Therefore no material uncertainty exists that may cast significant doubt on the ability of the Company to continue as a going concern.

The Directors have noted that the ultimate parent undertaking, HCAG, has made an assessment on the impact of the Ukraine crisis upon the wider group. Whilst HCAG is not able to make a reliable forecast of the impact as a result of the Ukraine crisis, its financial statements for the year ended 31 December 2021 continue to be prepared on a going concern basis, whilst recognising that there will be volatility in energy markets ahead and as a consequence, lower growth.

Thus the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.5 Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure on computer software which is not deemed to be integral to the computer hardware is

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.5 Other intangible assets (continued)

capitalised at cost and amortised on a straight line basis over its economic life.

Options to acquire freehold / leasehold mineral bearing land are capitalised and amortised over the period of the option. Upon exercise any remaining unamortised balance will be treated as the asset acquisition cost.

The carrying value of intangible fixed assets is reviewed annually for impairment. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Comprehensive Income when the asset is derecognised.

The useful economic lives of intangible assets range from 1 to 6 years.

2.6 Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. The UK Companies Act requires goodwill to be reduced by provisions for depreciation of a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the Company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The Company is therefore invoking a "true and fair view override" to overcome the prohibition on the non-amortisation of goodwill in the Companies Act.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- up to 50 years
Long term Leasehold Property	- over the life of the lease
Plant and machinery	- 4 - 30 years
Mineral depletion	- Based on the tonnage of the material extracted during the year

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Government grants

Government and similar grants received for the acquisition of assets are recognised only when there is reasonable assurance that they will be received and any conditions attached to them have been fulfilled. The grant is held in the Balance Sheet within deferred income and released to the Statement of Comprehensive Income over the periods necessary to match the related depreciation charges or other expenses of the asset as they are incurred.

2.9 Investments

Investments in subsidiaries, associates and joint ventures are held at historical cost less provision for impairment.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 Financial instruments

Financial assets

Financial assets are initially measured at fair value plus, in the case of a financial asset not subsequently measured at fair value through profit or loss, transaction costs.

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

The Company's financial assets include cash, trade and other receivables, and amounts due from group undertakings.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.11 Financial instruments (continued)

Debt instruments at fair value through profit or loss

Debt instruments are subsequently measured at fair value where they are financial assets held within a business model whose objective is to sell the financial asset, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Any fair value gains or losses at each reporting period is recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

In addition financial assets where the contractual terms of the financial asset do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are also subsequently measured at fair value.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

The ECL required for other debt instruments is determined using a three stage model.

- At the initial recognition of the financial asset an expected credit loss provision is recorded for the twelve month period following the reporting date. Any interest revenue is calculated on the gross carrying amount of the financial asset.
- If the credit risk of that financial instrument has increased significantly since initial recognition, a loss allowance for full lifetime expected credit losses is recorded. Any interest revenue is calculated on the gross carrying amount of the financial asset. Should the significant increase in credit risk reverse within subsequent reporting periods then the expected credit losses on the financial instrument revert to being measured based on an amount equal to the twelve month expected credit losses.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.11 Financial instruments (continued)

- If objective evidence of impairment exists, a loss allowance for full lifetime expected credit losses is recognised. Any interest revenue is calculated on the net carrying amount of the financial asset.

Financial liabilities

Financial liabilities are initially measured at fair value and, in the case of loans and borrowing and payables, net of directly attributable transactions costs.

The subsequent measurement of financial liabilities depends on their classification, as described below:

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.13 Pensions

The Company participates in the Hanson Industrial Pension Scheme and the Castle Pension Scheme, which are of the funded defined benefit type that share risks between entities which are under common control. Funds are held externally under the supervision of the corporate trustees.

Management has determined that no contractual agreement or stated policy exists for charging to individual group entities the net defined benefit cost for the plans as a whole measured in accordance with IAS 19 'Employee Benefits', as a result, the net defined benefit cost is recognised in these financial statements as the Company bears the risks relating to the plans and is considered the principal sponsoring employer.

The Company also participates in the Hanson Industrial Pension Scheme (Defined Contribution Section). Company contributions are expensed to the Statement of Comprehensive Income as incurred.

2.14 Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for the expected costs of rectification, repairs and rationalisation are charged against profits when required. The effect of the time value of money is not material and therefore the provisions are not discounted.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.15 Restoration provision

The Company aims to reinstate land following mineral extraction or industrial occupation to a beneficial use as soon as is reasonably practicable. This is performed by consulting with interested parties to ensure that the after use is appropriate to both the needs of local people and the natural environment.

The Company's accounting policy is to make a provision on a discounted basis to return a quarry site to a decontaminated, cleared and improved site and to make provision to restore the present extracted areas to currently anticipated after use. The unwinding of discounts relating to restoration are expensed to the Statement of Comprehensive Income and included in interest payable.

2.16 Current and deferred taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

However, for taxable temporary differences associated with investment in subsidiaries, branches and associates, and interests in joint ventures, a deferred tax liability shall be recognised in accordance with IAS 12.39.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the Statement of Comprehensive Income.

2.17 Exceptional items

The Company presents as exceptional items those material items of income and expense which, because of their nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.18 Research and development

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised evenly over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

2.19 Exploration for and Evaluation of Mineral Resources

All costs associated with exploration and evaluation of mineral resources as well as the research phase, are expensed to the Statement of Comprehensive Income as incurred. Property, plant & equipment that is acquired in the exploration, evaluation phase or development phase which can then be further utilised within the business irrespective of the outcome of the exploration, evaluation or development phase is capitalised and depreciated over its useful economic life.

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

2.21 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Leases for quarries do not fall within the scope of IFRS 16. These leases are considered pending transactions and the expenses are recognised in the material costs in the period in which they arise.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The interest rates were calculated on the basis of the remaining term of the leases.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.21 Leases (continued)

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is included in 'Creditors' on the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in Tangible Fixed Assets in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note Exceptional Items.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.21 Leases (continued)

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Restoration and environmental provisions

Provisions for damages and environmental obligations are measured on the basis of an extrapolation of the claims and estimates of the development of costs. A change in the influencing parameters may have an impact on the Statement of Comprehensive Income as well as the amounts recognised in the Balance Sheet. The recognition and measurement of the other provisions are based on estimates of the probabilities of future outflow of resources and on the basis of empirical values and the circumstances known at the reporting date. The actual outflow of resources may differ from the outflow of resources expected at the reporting date and may have an impact on the recognition and measurement. Further explanations on provisions can be found in note 26.

Impairment of goodwill and other non-current assets

A cash flow-based method in accordance with IAS 36 (Impairment of Assets) is used to determine the recoverable amount of cash-generating units as part of the impairment test for goodwill and other non-current assets. In particular, estimates are required in relation to future cash flows of the groups of cash-generating units as well as to the discount rates used (discounted cash flow method). A change in the influencing factors may have a significant impact on the existence or amount of impairment losses. Explanations concerning the composition of the carrying amount of goodwill and the impairment test are provided in note 16.

Impairment of investments

The Company reviews investments in subsidiaries and other investments for impairment if there are any indications that the carrying values may not be recoverable. The carrying value of the investment is compared to the recoverable amount and where a deficiency exists, an impairment charge is considered by management.

The recoverable amount represents the net assets of the investment at the time of the review or where applicable is represented by an estimate of future cash flows expected to arise from the investment. A suitable discount rate is applied to the future cash flows in order to calculate the present value.

Reversals of impairments are recognised where there is a favourable change in the economic assumptions in the period since the provision was made.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Recoverability of amounts owed by group undertakings

The Company recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Estimating the defined benefit pension scheme obligations

Measurement of defined benefit pension obligations requires estimation of future changes in inflation and mortality rates, and the selection of a suitable discount rate. See note 29 for further details.

4. Turnover

Turnover is attributable to the continuing activity of the supply of building materials and services to the construction industry.

An analysis of turnover by class of business is as follows:

	2021 £000	2020 £000
Sale of goods	733,281	590,232
Rendering of services	92,383	90,493
	<u>825,664</u>	<u>680,725</u>

All turnover arose within the United Kingdom.

Timing of revenue recognition:

	2021 £000	2020 £000
Goods and services transferred at a point in time	733,281	590,232
Goods and services transferred over time	92,383	90,493
	<u>825,664</u>	<u>680,725</u>

The Company applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

The amount of revenue recognised in 2021 from performance obligations satisfied (or partially satisfied) in previous year is £nil.

The amount of revenue recognised in 2021 that was included in the contract liability balance at the beginning of the year is £1,824,000.

HANSON QUARRY PRODUCTS EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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5. Other operating income

	2021	2020
	£000	£000
Other operating income	13,224	21,012
Net rents receivable	2,653	2,641
Profit on disposal of tangible assets	23,417	4,239
Foreign exchange gains	147	122
	<u>39,441</u>	<u>28,014</u>

6. Other operating expenses

	2021	2020
	£000	£000
Distribution expenses	119,192	117,285
Selling and administrative expenses	597	142
Expenses for third party repairs and services	11,090	7,971
Rental and leasing expenses	10,803	7,820
Loss on disposal of tangible fixed assets	1,304	-
Other taxes	127	147
Foreign exchange losses	149	107
Other expenses	31,717	24,238
	<u>174,979</u>	<u>157,710</u>

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

7. Exceptional items

	2021 £000	2020 £000
Restructuring costs	351	8,565
Impairment of tangible fixed assets	13,621	88,055
Impairment reversal of tangible fixed assets	(21,319)	(1,203)
Impairment of goodwill	-	1,418
Impairment reversal / Impairment of fixed asset investment	(4,021)	1,708,168
	<u>(11,368)</u>	<u>1,805,003</u>

During the year an assessment of the impact of changing market conditions on the business was undertaken and as a result an impairment of tangible fixed assets of £13,621,000 was made and redundancy and restructuring costs of £351,000 were incurred. In addition, £21,319,000 of the impairment of tangible fixed assets made in the previous year was reversed.

In the prior year management identified some sites which were impacted by weakening local market conditions and an impairment of intangible assets of £1,418,000 and tangible fixed assets of £88,055,000 was made. Redundancy and restructuring costs of £8,565,000 were also incurred. In addition, in the prior year £1,203,000 of the previously impairment of tangible fixed assets was reversed.

During the year, the Company partially released the impairment against its investment in its subsidiary Hanson Building Materials Europe Limited by £4,021,000 to bring the carrying value in line with the underlying net assets. In the prior year, an impairment charge of £1,708,168,000 was recognised against this investment.

8. Auditors' remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2021 £000	2020 £000
Audit services	620	570

Fees for audit services include costs incurred on behalf of other group undertakings. It is not practicable to ascertain what proportion of such fees relate to other group undertakings.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

9. Staff costs

Staff costs were as follows:

	2021 £000	2020 £000
Wages and salaries	93,207	88,887
Social security costs	9,719	9,161
Cost of defined benefit pension scheme	3,305	3,553
Cost of defined contribution pension scheme	6,848	5,975
	<u>113,079</u>	<u>107,576</u>

Included within wages and salaries above is a charge of £636,000 (2020 - £322,000) in relation to the HeidelbergCement AG Long Term Incentive Plan (LTIP).

The average monthly number of employees, including the Directors, during the year was as follows:

	2021 No.	2020 No.
Production and distribution	1,046	1,108
Administrative and sales	1,271	1,151
	<u>2,317</u>	<u>2,259</u>

10. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	2,804	2,311
Company contributions to defined contribution pension schemes	85	191
	<u>2,889</u>	<u>2,502</u>

During the year retirement benefits were accruing to 7 Directors (2020 - 7) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £903,000 (2020 - £711,000).

The Directors of the Company are also directors of a number of the group's fellow subsidiaries.

HANSON QUARRY PRODUCTS EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Interest receivable

	2021	2020
	£000	£000
Net interest on defined benefit pension asset	6,950	11,628

12. Interest payable and similar expenses

	2021	2020
	£000	£000
Other interest payable	3,393	4,126

13. Current and deferred taxation

	2021	2020
	£000	£000
Corporation tax		
Current tax on profits for the year	238	177
Total current tax	238	177
Deferred tax		
Origination and reversal of timing differences	11,705	(2,147)
Changes to tax rates	16,762	7,087
Adjustments in respect of previous periods	(1,563)	(12,097)
Total deferred tax	26,904	(7,157)
Taxation on profit/(loss) on ordinary activities	27,142	(6,980)

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

13. Current and deferred taxation (continued)

Reconciliation of the tax charge/(credit) for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021	2020
	£000	£000
Profit/(loss) on ordinary activities before tax	72,897	(59,318)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	13,850	(11,270)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	(764)	324,552
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	788	1,135
Changes to tax rates	19,572	7,087
Adjustments to tax charge in respect of prior periods	(1,564)	(12,097)
Book profit on chargeable assets	(4,639)	(534)
Capital gains	3,833	352
Dividends from UK companies	-	(329,871)
Group relief	(4,038)	10,167
Transfer pricing adjustments	104	3,499
Total tax charge/(credit) for the year	27,142	(6,980)

Change in corporation tax rate

The main rate of corporation tax increases from 19% to 25% on 1 April 2023. On 23 September 2022, the Chancellor of the Exchequer announced that the main rate of corporation tax would remain at 19% from 1 April 2023, however this change has not yet been substantively enacted.

14. Dividend

	2021	2020
	£000	£000
Dividend paid	-	6,500,000

No dividend (2020: £6,500,000,000) was paid during the year.

HANSON QUARRY PRODUCTS EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Intangible assets

	Computer software £000	Other intangible assets £000	Total £000
Cost			
At 1 January 2021	15,133	115	15,248
Additions	47	-	47
Disposals	(47)	-	(47)
At 31 December 2021	<u>15,133</u>	<u>115</u>	<u>15,248</u>
Amortisation			
At 1 January 2021	13,533	94	13,627
Charge for the year on owned assets	621	-	621
At 31 December 2021	<u>14,154</u>	<u>94</u>	<u>14,248</u>
Net book value			
At 31 December 2021	<u>979</u>	<u>21</u>	<u>1,000</u>
At 31 December 2020	<u>1,600</u>	<u>21</u>	<u>1,621</u>

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

16. Goodwill

	2021
	£000
Cost	
At 1 January 2021 and 31 December 2021	8,401
Accumulated impairment	
At 1 January 2021 and 31 December 2021	3,284
Net book value	
At 31 December 2021	<u>5,117</u>
At 31 December 2020	<u>5,117</u>

The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations, goodwill is not amortised. Consequently, the Company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The Company is therefore invoking a "true and fair view override" to overcome the prohibition for the non-amortisation of goodwill required by the Companies Act. Had the Company amortised goodwill, a period of 20 years would have been chosen as its useful economic life. Profit for the year would have been £872,000 lower (2020 - £872,000 lower) had goodwill been amortised on this basis.

An assessment of the impact of COVID-19 on the business was undertaken in the prior year and as a result the Company had impaired goodwill by £1,418,000.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

17. Tangible fixed assets

	Property and mineral resources £000	Plant and machinery £000	ROU Property and Mineral Resources £000	ROU Plant and Machinery £000	Total £000
Cost or valuation					
At 1 January 2021	561,348	509,835	78,397	44,009	1,193,589
Additions	1,405	43,172	3,090	3,759	51,426
Disposals	(2,123)	(19,892)	-	(1,751)	(23,766)
Transfers between classes	215	(215)	-	-	-
At 31 December 2021	560,845	532,900	81,487	46,017	1,221,249
Depreciation					
At 1 January 2021	297,368	367,183	28,151	23,129	715,831
Charge for the year on owned assets	5,539	12,524	-	-	18,063
Charge for the year on right- of-use assets	-	-	4,104	9,133	13,237
Disposals	(1,392)	(17,533)	-	(1,419)	(20,344)
Transfers between classes	74	(74)	-	-	-
Impairment charge	6,990	5,668	737	226	13,621
Impairment losses written back	(3,066)	(8,760)	(8,941)	(552)	(21,319)
At 31 December 2021	305,513	359,008	24,051	30,517	719,089
Net book value					
At 31 December 2021	255,332	173,892	57,436	15,500	502,160
At 31 December 2020	263,980	142,652	50,246	20,880	477,758

HANSON QUARRY PRODUCTS EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. Tangible fixed assets (continued)

The net book value of property and mineral resources may be further analysed as follows:

	2021	2020
	£000	£000
Freehold land and buildings	213,526	222,830
Leasehold property - short	41,806	41,150
	<u>255,332</u>	<u>263,980</u>

In accordance with IAS 36 'Impairment of Assets' the carrying values of the Company's assets at 31 December 2021 have been compared to their recoverable amounts, represented by their value in use to the Company.

The historical cost of mineral bearing land shown at valuation amounts to £197,512,000 as at 31 December 2021 (2020 - £196,884,000) and the accumulated depreciation thereon would have been £196,071,000 (2020 - £186,883,000).

Mineral bearing land was revalued internally, on an open market value for existing use basis on 1 July 1989 by a professionally qualified surveyor.

The net book value of assets held at valuation was £273,901,000 as at 31 December 2021 (2020 - £236,203,000). Total cost and valuation as at 31 December 2021 was £501,494,000 (2020 - £500,866,000). Accumulated depreciation at 31 December 2021 was £273,901,000 (2020 - £264,663,000).

Plant and machinery includes £35,413,000 (2020 - £27,229,000) in respect of assets in the course of construction.

HANSON QUARRY PRODUCTS EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2021	2,347,362
At 31 December 2021	<u>2,347,362</u>
Impairment	
At 1 January 2021	1,724,058
Reversal of impairment losses	<u>(4,021)</u>
At 31 December 2021	<u>1,720,037</u>
Net book value	
At 31 December 2021	<u><u>627,325</u></u>
At 31 December 2020	<u><u>623,304</u></u>

During the year, the Company partially released the impairment against its investment in its subsidiary Hanson Building Materials Europe Limited by £4,021,000 to bring the carrying value in line with the underlying net assets. In the prior year, an impairment charge of £1,708,168,000 was recognised against this investment.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

18. Fixed asset investments (continued)

Subsidiary undertakings and other investments

The investments in which the Company directly held any class of share capital are as follows:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Cumbrian Industrials Limited	England and Wales	Ordinary	100%	Group finance company
Habfield Limited	England and Wales	Deferred Ordinary	100%	Property rental
Hanson Building Materials Europe Limited	England and Wales	A Ordinary	100%	Investment holding company
Midland Quarry Products Limited	England and Wales	B Ordinary	100%	Aggregates and asphalt production
		A Ordinary	100%	
		B Ordinary	100%	
		C Ordinary	100%	

The registered office of all investments is Hanson House, 14 Castle Hill, Maidenhead, SL6 4JJ.

A full listing of indirectly held investments is presented within Appendix I.

19. Stocks

	2021 £000	2020 £000
Raw materials and consumables	11,962	10,939
Finished goods and goods for resale	37,652	37,238
	<u>49,614</u>	<u>48,177</u>

Replacement costs of stock

The difference between purchase price or production cost of stocks and their replacement cost is not material.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

20. Debtors

	2021 £000	2020 £000
Due after more than one year		
Other debtors	14,493	469
Amounts recoverable on long-term contracts	539	114
	<u>15,032</u>	<u>583</u>
Due within one year		
Trade debtors	56,561	38,207
Amounts owed by group undertakings	535,764	515,874
Other debtors	15,694	16,932
Prepayments and accrued income	9,509	8,650
Amounts recoverable on long-term contracts	10,980	15,595
	<u>643,540</u>	<u>595,841</u>

Included within amounts owed by group undertakings is an amount of £193,904,000 (2020 - £173,055,000) which is unsecured, repayable on demand and accrues interest at overnight GBP LIBOR which is yet to transition to SONIA (Sterling Overnight Index Average). Amounts owed by group undertakings includes a balance of £341,860,000 (2020 - £342,819,000) which is unsecured, interest free, has no fixed date of repayment and is repayable on demand.

Following the financial crisis, the reform and replacement of benchmark interest rates such as GBP LIBOR and other inter-bank offered rates ('IBORs') has become a priority for global regulators. SONIA replaced GBP LIBOR on 1 January 2022. There are key differences between GBP LIBOR and SONIA. GBP LIBOR is a 'term rate', which means that it is published for a borrowing period (such as three months or six months) and is 'forward looking', because it is published at the beginning of the borrowing period. SONIA is a 'backward-looking' rate, based on overnight rates from actual transactions, and it is published at the end of the overnight borrowing period. Furthermore, LIBOR includes a credit spread over the risk-free rate, which SONIA currently does not. To transition existing contracts and agreements that reference GBP LIBOR to SONIA, adjustments for term differences and credit differences will need to be applied to SONIA, to enable the two benchmark rates to be economically equivalent on transition.

The replacement of LIBOR is not expected to materially impact the financial statements of the entity when adopted in 2022. No other changes to the terms of the floating-rate instruments are anticipated.

Amounts recoverable on contracts comprise:

	2021 £000	2020 £000
Recorded contract turnover	157,009	139,147
Less: payments on account	(145,490)	(123,439)
	<u>11,519</u>	<u>15,708</u>

HANSON QUARRY PRODUCTS EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

20. Debtors (continued)

In respect of long term construction contracts in progress at the balance sheet date:

	2021 £000	2020 £000
Contract costs incurred to date	20,157	27,577
Recognised losses to date	-	-
Contract retentions	-	-
	<u> </u>	<u> </u>

21. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	9,820	13,023
	<u> </u>	<u> </u>

22. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Contract liabilities	7,874	7,328
Trade creditors	134,298	100,530
Amounts owed to group undertakings	329,891	339,348
Corporation tax	414	177
Other taxation and social security	765	24,184
Lease liabilities	12,284	14,243
Other creditors	37,133	33,547
Accruals and deferred income	25,875	15,863
	<u>548,534</u>	<u>535,220</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

23. Creditors: Amounts falling due after more than one year

	2021 £000	2020 £000
Lease liabilities	71,294	77,619
Other creditors	547	758
	<u>71,841</u>	<u>78,377</u>

Creditors falling due after more than one year include amounts falling due as follows:

	2021 £000	2020 £000
Between one to five years	22,682	32,894
After five years	49,159	45,483
	<u>71,841</u>	<u>78,377</u>

24. Leases

Company as a lessee

The Company leases property, plant and machinery as well as vehicles used by its employees.

Lease liabilities are due as follows:

	2021 £000
Not later than one year	12,284
Between one and five years	22,408
Later than five years	48,886
	<u>83,578</u>

HANSON QUARRY PRODUCTS EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

25. Deferred taxation

	2021 £000	2020 £000
At beginning of year	(102,054)	(113,613)
Credited/(charged) to Statement of Comprehensive Income	(26,904)	7,157
Credited/(charged) to other comprehensive income	(45,771)	4,402
At end of year	(174,729)	(102,054)

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	(23,927)	(10,976)
Other temporary differences	9,032	6,724
Deferred tax on defined benefit pension	(159,834)	(97,802)
	(174,729)	(102,054)

Deferred tax has been recognised at 25% (2020 - 19%), being the enacted main rate of corporation tax at the balance sheet date on which the deferred tax liability is expected to be settled. If deferred tax had been recognised at 19% then the deferred tax liability as at 31 December 2021 would have been £132,795,000.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

26. Provisions

	Other £000	Restoration and environment £000	Total £000
At 1 January 2021	5,262	30,810	36,072
Charged to profit or loss	2,967	1,986	4,953
Utilised in year	(3,506)	(3,784)	(7,290)
At 31 December 2021	4,723	29,012	33,735

Other

Other provisions include amounts committed in respect of redundancy and other restructuring costs and provisions for rectification works where instances of defective supply have been notified. The provisions are expected to be utilised within 3 years.

Restoration & environmental

Restoration and environmental provisions relate mainly to the costs of restoring quarries and other sites after use as required by legal or other constructive requirements. Restoration and environmental provisions will be utilised as and when mineral reserves at the Company's quarries are extinguished, which can last from 6 months up to 60 years.

Provisions for terminal restoration have been discounted at 1.18% (2020 - 0.73%) per annum on current prices and where appropriate have been established after taking account of the advice of suitably qualified and experienced consultants and after establishing the costs in line with current practice and standards. All amounts greater than 12 months are discounted.

27. Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
103,833,567 (2020 - 103,833,567) ordinary shares of £0.50 each	51,917	51,917

The Company has no authorised share capital limit.

28. Reserves

Revaluation reserve

The revaluation reserve represents the excess of the fair value of land and buildings over cost. As of 2017 no transfer has been performed between the revaluation reserve and the profit and loss account as it is not a mandatory requirement.

Other reserves

Other reserves includes a capital reserve which represents amounts received from Hanson Trustees Limited for the purpose of paying future liabilities relating to the closure of employee share schemes.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

29. Pension commitments

During the year, the Company participated in the defined benefit section of the Hanson Industrial Pension Scheme (the "Scheme") and relevant employees are eligible for benefits under this funded defined benefit Scheme. Funds are held externally under the supervision of the corporate trustee (the "Trustee"). The Company participates in the Scheme along with several other UK companies within the HeidelbergCement AG group (the "Group").

The results of the latest funding valuation at 31 December 2018 have been adjusted to the balance sheet date by an independent actuary from AON Hewitt Limited taking account of experience over the period since 31 December 2018, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the defined benefit obligation, and the related current service cost, were measured using the Projected Unit Credit Method.

The Scheme was closed to future accruals in September 2010. Scheme assets are stated at their market values at the respective balance sheet dates.

The assets and liabilities of the Scheme are recognised in the financial statements of the Company and the balances at 31 December were:

	2021 £000	2020 £000
Scheme assets at fair value		
Cash and cash equivalents	73,706	29,957
Equity	151,507	146,974
Interest rate swaps	(1,201)	(240)
Nominal government bonds	637,923	782,345
Nominal corporate bonds	122,495	122,941
Index linked bonds	1,126,964	1,085,360
Real estate	108,408	98,955
Insurance policies	9,595	10,832
Other	96,238	103,389
Fair value of Scheme assets	2,325,635	2,380,513
Present value of Scheme Liabilities	(1,686,298)	(1,865,761)
Defined benefit Scheme assets	639,337	514,752

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

29. Pension commitments (continued)

The majority of these assets have a quoted market price in an active market.

The value of the "buy-in" insurance policies held in the name of the Trustee has been set equal to the value of the matched liabilities.

The Company and Trustee have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy which aims to reduce the volatility of the funding level of the Scheme by investing in assets such as swaps which perform in line with the liabilities of the Scheme so as to protect against inflation being higher than expected.

The Trustee aims to achieve the Scheme's investment objectives through investing partly in a diversified mix of growth assets which, over the long term, are expected to grow in value by more than low risk assets like cash and gilts. This is done within a broad liability driven investing framework that uses cash, gilts and other hedging instruments like swaps in a capital efficient way. In combination this efficiently captures the trustee risk tolerances and return objectives relative to the Scheme's liabilities. A number of investment managers are appointed to promote diversification by assets, organisation and investment style.

The Scheme has not directly invested in any of the Group's own financial instruments nor in properties or other assets used by the Group.

Included within the Statement of Comprehensive Income

	2021 £000	2020 £000
Expected return on Scheme assets	(30,398)	(44,018)
Interest on pension liabilities	23,707	32,774
Included within other finance expense	(6,691)	(11,244)
Current service cost	3,305	3,355
Past service cost	-	198
Administrative expenses	789	858
Total	(2,597)	(6,833)

Included within Other Comprehensive income/(expense)

	2021 £000	2020 £000
Actuarial loss/(gain) on Scheme assets	892	(182,621)
Actuarial (gain)/loss on Scheme liabilities	(122,112)	238,839
Net (gain)/loss on Scheme	(121,220)	56,218

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

29. Pension commitments (continued)

The main actuarial assumptions used in the valuation are set out below:

	2021	2020
	%	%
Rate of salary increases*	3.25	2.70
Rate of increase in pension payments LPI 5%	3.16	2.83
Discount rate	2.00	1.30
RPI inflation assumption	3.30	2.90
CPI inflation assumption	2.75	2.20

* For 2021 this reflects CPI inflation + 0.5% p.a. (2020 - CPI inflation + 0.5% p.a.).

The mortality assumptions are based on recent actual mortality experience of members within the Scheme with an allowance for future improvements. The assumptions mean that a member currently aged 65 is expected to live on average for a further 21.7 years if they are male (2020 - 21.6 years) and for a further 23.6 years if they are female (2020 - 23.5 years).

For a member who retires in 2042 (2020 - 2041) at the age of 65 the assumptions are that they will live on average for a further 22.5 years after retirement if they are male (2020 - 22.5 years), and for a further 24.9 years after retirement if they are female (2020 - 24.8 years).

The sensitivity of the present value of Scheme liabilities to changes in the principal assumptions used is set out below.

	Change in assumption	Impact on scheme liabilities
Discount rate	Increase / decrease 0.5%	Decrease 8% / increase 9%
Rate of pension increase	Increase / decrease 0.25%	Increase 3% / decrease 3%
Life expectancy	Increase / decrease 1 year	Increase 5% / decrease 5%

Changes in present value of the defined benefit obligations are analysed as follows:

	2021	2020
	£000	£000
Opening defined benefit obligation	1,865,761	1,686,834
Current service cost	3,305	3,355
Interest cost	23,707	32,774
Actuarial (gains) / losses on Scheme liabilities	(122,112)	238,839
Net benefits paid out	(84,363)	(96,239)
Past service cost	-	198
Closing defined benefit obligation	<u>1,686,298</u>	<u>1,865,761</u>

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

29. Pension commitments (continued)

Changes in the fair value of the Scheme assets are analysed as follows:

	2021 £000	2020 £000
Opening fair value of Scheme assets	2,380,513	2,247,904
Expected return on Scheme assets	30,398	44,018
Administrative expenses paid by the Scheme	(789)	(858)
Actuarial (losses) / gains on Scheme assets	(892)	182,621
Contributions paid by the employers	768	3,067
Net benefits paid out	(84,363)	(96,239)
Closing fair value of Scheme assets	<u>2,325,635</u>	<u>2,380,513</u>

Amounts for the current and previous four years:

	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000
Fair value of Scheme assets	2,325,635	2,380,513	2,247,904	2,131,717	2,211,669
Defined benefit obligation	(1,686,298)	(1,865,761)	(1,686,834)	(1,566,352)	(1,769,104)
Surplus in Scheme	<u>639,337</u>	<u>514,752</u>	<u>561,070</u>	<u>565,365</u>	<u>442,565</u>
Experience (losses)/gains on Scheme assets	(892)	182,621	151,897	(38,285)	58,099
Experience (losses)/gains on Scheme liabilities *	(6,177)	17,984	2,818	(8,309)	8,913

* This item consists of (losses)/gains in respect of liability experience only and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

UK legislation requires that pension schemes are funded prudently. The latest funding valuation as at 31 December 2018 was agreed on 27 November 2019. Under the recovery plan agreed as part of the valuation, contributions of 1.9% of pensionable salaries in respect of death in service, incapacity retirement and redundancy retirement benefits that contain an element of service after 30 September 2010 in their calculation are made. The valuation showed a surplus of £150,000,000, therefore no deficit recovery contributions are required. Expenses, including levies payable to the Pensions Protection Fund (PPF) are now met out of the Scheme assets. The actuarial method used in the calculation of the technical provisions underpinning the recovery plan was the projected unit method. The forecast contributions payable for the year ended 31 December 2022 are expected to be £768,000, which is net of unallocated funds within the Scheme.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

29. Pension commitments (continued)

The Scheme also has a contingent funding mechanism in place whereby further contributions are payable to the Scheme based on operating income targets agreed between the employers and the Trustee. Once the Scheme is in surplus, contingent funding mechanism contributions are no longer payable.

The Company has guaranteed a proportion of the funding obligations that the other funding sponsors of the Scheme have to that Scheme. In addition, the ultimate parent undertaking, HeidelbergCement AG has guaranteed the entire funding obligations of the Scheme.

The Company also participates in the Hanson Industrial Pension Scheme (Defined Contribution Section). The charge to the Statement of Comprehensive Income in respect of this section of the Scheme was £6,848,000 (2020 - £5,975,000).

At the year end, there were unpaid defined benefit pension contributions of £nil (2020 - £nil) and unpaid defined contribution pension contributions of £1,976,000 (2020 - £2,004,000) included in other creditors.

The Company recognises the Scheme surplus in accordance with the requirements of IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction". The Trustee of the Scheme does not have the unilateral right to commence wind-up of the Scheme. Thus, the Company assumes that the Scheme continues in existence until the last benefit payments are made to members, at which point any residual assets are returned to the employer in line with the rules of the Scheme.

The Company is not yet clear on whether the IASB's proposed amendments to IFRIC 14 will affect its ability to receive a refund of surplus in this situation. Once the amendments have been finalised, management will review the likely impact.

30. Contingent liabilities

Guarantees relating to performance bonds on certain construction supply contracts and financial commitments of haulage contractors made in the normal course of business, which are not expected to crystallise amounted to £5,268,000 (2020 - £5,268,000).

The Company has been notified of a number of claims from former employees in relation to alleged health related issues. The Directors do not consider it probable that an outflow of economic resources will be required to settle the obligation nor can the amount of any obligation be measured with sufficient reliability.

31. Capital commitments

At 31 December the Company had capital commitments as follows:

	2021 £000	2020 £000
Contracted for but not provided in these financial statements	241	1,398

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

32. Commitments under operating leases

At 31 December the Company had future minimum lease payments due under non-cancellable operating leases as follows:

	2021 £000	2020 £000
Not later than 1 year	216	189

33. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with wholly owned subsidiaries in the group headed by HeidelbergCement AG. Balances outstanding at 31 December with related parties, are as follows:

	2021 £000	2020 £000
Amounts owed by ultimate parent undertaking	193,904	173,055
Amounts owed by indirect/direct parent undertakings	328,380	328,380
Amounts owed by indirect/direct subsidiary undertakings	11,303	11,107
Amounts owed by fellow group subsidiary undertakings	2,177	3,332
Amounts owed to indirect/direct subsidiary undertakings	(120,938)	(123,347)
Amounts owed to fellow group subsidiary undertakings	(208,953)	(216,001)
	<u>205,873</u>	<u>176,526</u>

34. Post balance sheet events

After the year end the Company purchased the share capital of Charterneed Limited together with its subsidiaries, A1 Services (Manchester) Limited and Manchester Waste Recycling Limited

35. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is UDS (No 10), a company registered in England and Wales. The Company's ultimate parent undertaking is HeidelbergCement AG, a company registered in Germany. The largest and smallest group in which the results of the Company are consolidated is that headed by HeidelbergCement AG. Copies of the consolidated financial statements of HeidelbergCement AG may be obtained from Berliner Strasse 6, D 69120 Heidelberg, Germany.

HANSON QUARRY PRODUCTS EUROPE LIMITED

APPENDIX I – LISTING OF INDIRECT SUBSIDIARIES AND OTHER INVESTMENTS AT 31 DECEMBER 2021

Name	Country of incorporation	Group ownership %	Registered office
A.R.C. (Western) Limited	England and Wales	100	*
ARC Concrete (Anglia) Limited	England and Wales	100	*
ARC South Wales Limited	England and Wales	100	*
ARC South Wales Mortar Limited	England and Wales	100	*
ARC South Wales Quarries Limited	England and Wales	100	*
ARC South Wales Surfacing Limited	England and Wales	100	*
Cloughton Manor Brick Limited (The)	England and Wales	100	*
Drew Group Holdings Limited	England and Wales	100	Caird Avenue, BH25 5PX New Milton, United Kingdom
F.C. Precast Concrete Limited	England and Wales	100	*
Hanson Aggregates Marine Limited	England and Wales	100	*
Hanson Aggregates South Wales Holdings Limited	England and Wales	100	*
Hanson Aggregates South Wales Limited	England and Wales	100	*
Hanson Bath and Portland Stone Limited	England and Wales	100	*
Hanson Blocks North Limited	England and Wales	100	*
Hanson Building Products (2003) Limited	England and Wales	100	*
Hanson Concrete Products Limited	England and Wales	100	*
Hanson Crewing Services Limited	England and Wales	100	*
Hanson Facing Bricks Limited	England and Wales	100	*
Hanson Marine Holdings Limited	England and Wales	100	*
Hanson Marine Limited	England and Wales	100	*
Hanson Quarry Products Holdings Limited	England and Wales	100	*
Hanson Quarry Products Trade Finance Limited	England and Wales	100	*
Hanson Quarry Products Ventures Limited	England and Wales	100	*
Holme Sand & Ballast LLP	England and Wales	24.5	Caird Avenue, BH25 5PX New Milton, United Kingdom
Humber Sand and Gravel Limited	England and Wales	50	CEMEX House, Evreux Way, CV21 2DT Rugby, United Kingdom
Kingston Minerals Limited	England and Wales	100	*
Marples Ridgway Limited	England and Wales	100	*
Mendip Rail Limited	England and Wales	50	Bardon Hall, Copt Oak Road, LE67 9PJ Markfield, United Kingdom

HANSON QUARRY PRODUCTS EUROPE LIMITED

APPENDIX I – LISTING OF INDIRECT SUBSIDIARIES AND OTHER INVESTMENTS AT 31 DECEMBER 2021

Name	Country of incorporation	Group ownership %	Registered office
Milton Hall (Southend) Brick Company Limited (The)	England and Wales	100	*
National Brick Company Limited	England and Wales	100	*
National Star Limited	England and Wales	100	*
New Milton Concrete Limited	England and Wales	49	Caird Avenue, BH25 5PX New Milton, United Kingdom
New Milton Sand and Ballast Limited	England and Wales	49	Caird Avenue, BH25 5PX New Milton, United Kingdom
North Tyne Roadstone Limited	England and Wales	50	Ground Floor T3 Trinity Park, Bickenhill Lane, B37 7ES, Birmingham, United Kingdom
Pencrete Limited	England and Wales	100	*
Purfleet Aggregates Limited	England and Wales	100	*
Samuel Wilkinson & Sons Limited	England and Wales	100	*
Seagoe Concrete Products Limited	England and Wales	100	*
Small Lots (Mix-It) Limited	England and Wales	100	*
Smiths Concrete Limited	England and Wales	49	Enslow, Kidlington, OX5 3AY Oxford, United Kingdom
Solent Industrial Estates Limited	England and Wales	49	Caird Avenue, BH25 5PX New Milton, United Kingdom
The Purfleet Ship to Shore Conveyor Company Limited	England and Wales	50	*
W.G. Hibbs & Co. Limited	England and Wales	49	Caird Avenue, BH25 5PX New Milton, United Kingdom

* The registered office of these investments is Hanson House, 14 Castle Hill, Maidenhead, SL6 4JJ.