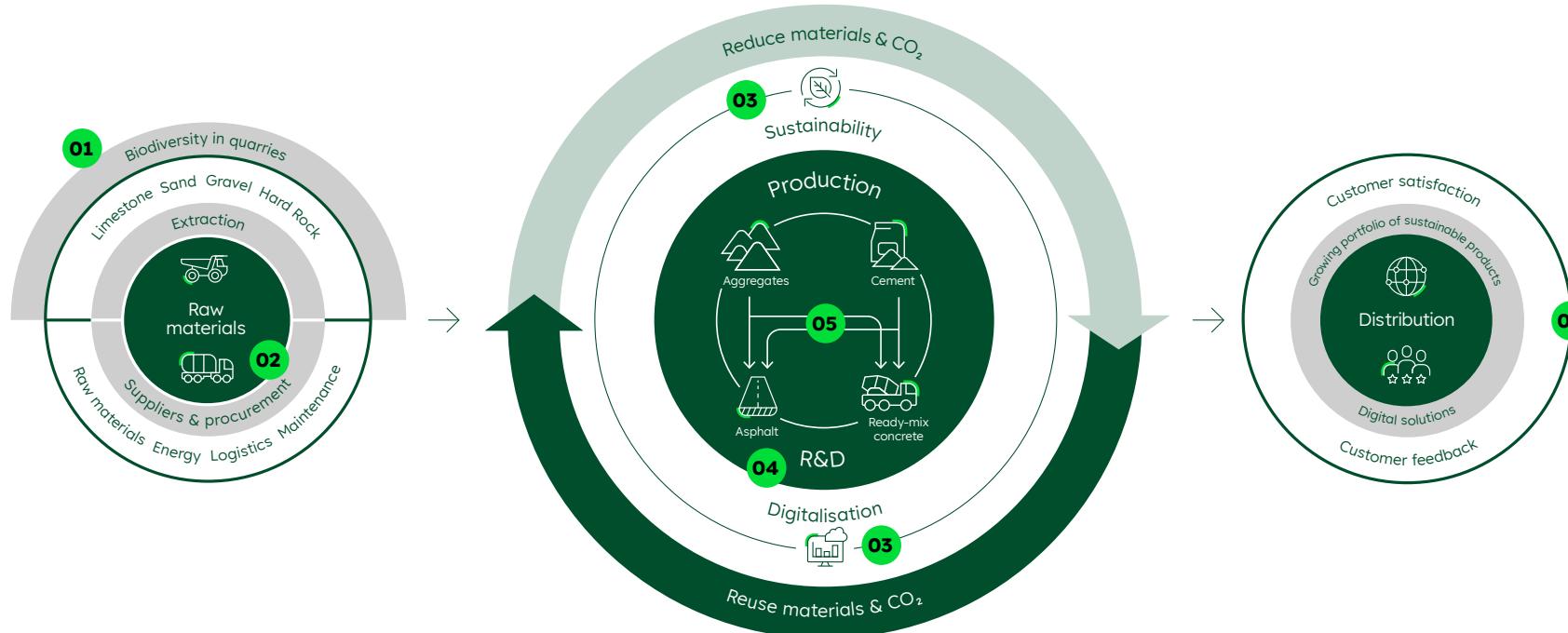


# Sustainability

- 22 Value chain**
- 23 Sustainability strategy**
- 24 Materiality analysis**
- 25 Stakeholder engagement**
- 28 Compliance**
- 29 Sustainable financing and taxes**
- 30 ESG ratings and indices**
- 31 Sustainable Development Goals**
- 33 Our Sustainability Commitments 2030**

- 35 Net Zero**  
**Building a net zero future**
  - 36 Climate strategy and CO<sub>2</sub> reduction
  - 38 Our CCUS project portfolio
- 42 Circular & Resilient**  
**Building a circular and resilient future**
  - 43 Sustainable products and solutions
  - 46 Circular economy
- 49 Nature Positive**  
**Building a nature positive future**
  - 50 Biodiversity and water management
- 53 Safe & Inclusive**  
**Building a safe and inclusive future**
  - 54 Our employees
  - 59 Occupational health and safety
  - 60 Social responsibility
  - 62 Responsible procurement

# Value chain



## 01

The raw materials needed for producing our building materials – limestone for cement production as well as sand, gravel, and hard rock – are generally extracted from our own quarrying sites or obtained by recycling mineral waste products and demolition material. At our quarries and aggregates pits, we are committed to environmentally friendly mining methods as well as subsequent restoration and recultivation of quarrying sites.

## 02

We attach great importance to responsible procurement and sustainable behaviour on the part of our suppliers. We aim to build a transparent, sustainable, and future-oriented supply chain in close cooperation with our qualified suppliers. Our expenditure mainly relates to the categories of raw materials, energy, logistics, and maintenance.

## 03

Our range of sustainable products and applications is growing steadily thanks to the integration of sustainability in our value chain. In addition, we are building a modern digital infrastructure across all our business lines and locations, developing digital products, and providing customer solutions that help us achieve success in our core business.

## 04

Innovative products and technologies, as well as improvements to our processes, help us minimise energy consumption and CO<sub>2</sub> emissions. We are working to reduce the use of materials and increase the proportion of recycled material in our products.

## 05

Our business is based on the production of cement and aggregates, the two essential raw materials for manufacturing concrete. They are processed into ready-mixed concrete, asphalt, and various other materials. We focus on expanding our sustainable product portfolio, supported by R&D with innovative solutions.

## 06

Our close proximity to the market enables us to provide our customers with extensive advice and develop our products in close consultation with them. However, our work does not end with the product; we also provide customers with expert advice on product usage.

# Sustainability strategy

The ongoing global trend towards urbanisation and the intensive construction activity in the housing and infrastructure sectors require sustainable solutions to achieve the decarbonisation of the building materials sector. We are delivering these solutions and, through our products, we are playing a leading role in paving the way to net zero.

At Heidelberg Materials' almost 3,000 locations, sustainability is an integral part of our day-to-day business. We aim to spearhead the decarbonisation of our sector and promote the circular economy in our value chain. Closing the loop in the material cycle of sand, aggregates, and hardened cement paste is of crucial importance to us and constitutes a major lever for reducing carbon emissions. To increase resource efficiency and protect natural raw materials, we are also scaling up our recycling activities, especially with regard to demolition concrete.

The Sustainability Commitments 2030 serve as guiding principles for the Heidelberg Materials sustainability strategy. They cover topics under four headings: Net Zero, Circular & Resilient, Safe & Inclusive, and Nature Positive.



## Environmental Social Governance

The Group ESG department drives our key sustainability topics to ensure that they are anchored in our strategy, business processes, and decisions.



## Research & Development

Teams from the Global Research & Development department play a leading role in developing innovative new materials and technologies, and in optimising conventional products and processes.



## Technologies & Partnerships

Together with leading partners, the Technology & Partnerships department scouts carbon capture, utilisation, and storage (CCUS) technologies and co-develops pioneering projects.



## Innovation Hub

The purpose of the Innovation Hub is to devise business models around sustainable construction solutions together with internal and external partners.

**“We drive the transition to sustainable construction. Modern society needs resilient, smart and liveable buildings and infrastructure.”**

**Dr Nicola Kimm,  
Chief Sustainability Officer and  
member of the Managing Board**

# Materiality analysis

We regularly use a materiality analysis to examine how relevant individual sustainability topics are for different stakeholder groups and for the company itself. The analysis thus helps us identify and evaluate issues and developments that are important for our business success or could prove to be important in future.

In 2022, we conducted an online survey and several workshops to ask around 200 people – including shareholders, employees, investors, customers, suppliers, our management, and representatives of associations – about their views on the most important sustainability topics for Heidelberg Materials.

The analysis is based on the principle of double materiality, which incorporates both the impact of sustainability topics on business relevance and the impact of entrepreneurial activity on society and the environment. On the basis of the materiality analysis, we have identified the key action areas for Heidelberg Materials in the area of sustainability. The most highly rated topics were then validated by the Managing Board in terms of their strategic relevance. Special attention was also paid to topics which are less firmly established. The twelve topics resulting from these evaluation steps are highlighted in the graph.

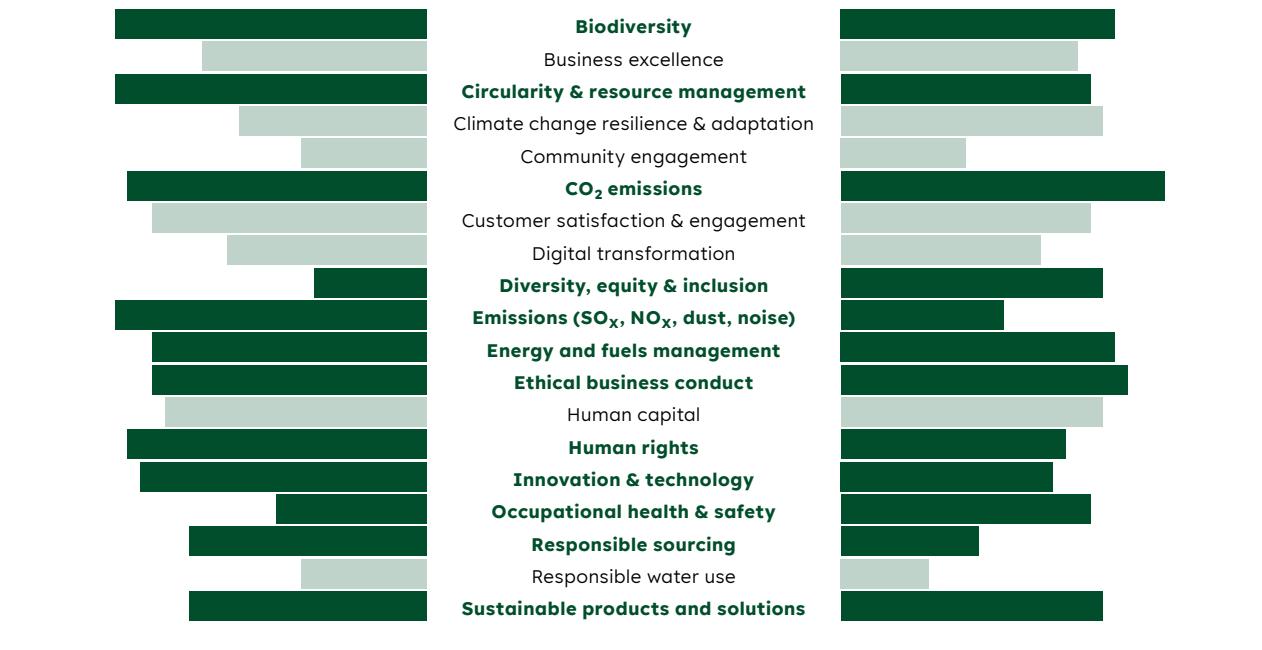
## Presentation on materiality



**Impact on the environment and society**  
Does the business activity of Heidelberg Materials have an impact on this topic? Especially in the context of social and environmental action areas?



**Business relevance**  
Does this topic affect the business activity of Heidelberg Materials from a financial point of view?



Note: The questions were answered on a scale from 0 (no impact) to 5 (very strong impact). The topics are listed in alphabetical order.

# Stakeholder engagement

In view of the strong local focus of our business operations, we can only be successful in the long term if we maintain good cooperative relationships with the various stakeholders in society. We are committed to a dialogue based on trust with all such relevant groups – at a local, national, and international level. The resulting exchange of ideas and opinions helps us identify critical issues at an early stage and gain greater acceptance for our activities. Each country organisation is responsible for establishing and maintaining its own relationships with national and local stakeholders. The stakeholder dialogue at international level is managed by the Group departments for communication and sustainability.

Stakeholder management guidelines:

[Corporate citizenship](#)

## Relations with local stakeholders

Most of our plants and quarries are situated near cities and communities. It is therefore a matter of course for us to maintain regular contact with the respective community, government agencies, and local organisations, and to inform them about our activities and planned projects at the location. Plant or site management teams are generally responsible for such stakeholder relationships. Along with personal discussions, we use a variety of other means of communication to keep local stakeholder groups informed and enter into dialogue with them – ranging from traditional newsletters and guidelines to social media and a variety of public participation concepts.

We aim to reconcile the interests of the company with those of the local communities. The concerns of our local stakeholders vary from location to location. In general, they range from simple visit enquiries and appeals for us to support projects and sports, cultural and educational institutions, all the way through to information requests. Stakeholders also raise reservations regarding imminent modernisation and expansion measures. In the course of our business activities, there may also be occasional controversies in the vicinity of our locations relating to such topics as emissions, (increased) truck traffic, or noise. We respond promptly to complaints and provide transparent information wherever possible and practical in order to address uncertainties and misgivings. We also involve local stakeholders at an early stage when planning investment projects, such as by setting up contact offices and holding information and discussion events.

[Social responsibility](#)

## Stakeholder dialogue at a national and international level

Heidelberg Materials, along with its various companies, is a member of or participant in a large number of associations and initiatives that represent their members' interests vis-à-vis governments, businesses, and the public. This engagement also promotes an exchange with other companies and organisations regarding current issues. An important case in point is the question of how the industrial transformation towards climate neutrality can be successfully implemented and accelerated in combination with ambitious environmental protection measures.

In addition, the focus is on various challenges specific to individual countries or sectors, or relating to industrial policy, particularly with regard to the secure supply of raw materials, carbon pricing, biodiversity, energy, occupational health and safety, as well as social and labour issues. Through our memberships in various national associations, we are also represented in the respective European umbrella organisations. Furthermore, as a company headquartered in Germany, we are actively involved at national level in various cross-sectoral climate protection initiatives.

Selected memberships and initiatives:

[Associations, initiatives, and networks](#)

## Direct exchange with political decision makers

In order to further strengthen our dialogue with policy-makers, we supplement Heidelberg Materials' indirect representation via associations with company representative offices in Berlin, Brussels, and Washington. Our aim is to facilitate a direct exchange between political decision makers and contact partners within the company. At numerous events, presentations, and panel discussions in 2022, we were also able to demonstrate in person how Heidelberg Materials, as one of the world's leading building materials companies, can help to solve social problems. The main focus was the need to create a coherent and supportive framework for the industry's decarbonisation: for us, this includes not only ambitious carbon pricing, but also the expansion of renewable energies and alternative fuels, a reliable framework and clear guidelines for CCUS, and the development of a carbon infrastructure as well as

solutions in support of a closed circular economy. Other important areas were the need to create “green” lead markets and new standards for low-emission products.

In addition, we further expanded our structures and policies to ensure that our positions remain consistent with those of the industry associations in which we are involved. In particular, we want to guarantee that the positions and actions of industry associations are in line with international and European climate protection agreements and the targets set out in our Sustainability Commitments 2030. We have therefore again published a [\*\*Climate Advocacy and Association Review\*\*](#) for 2022.

Our lobbying activities represent the positions that Heidelberg Materials takes in public.

### **Dialogue with non-governmental organisations**

As a matter of principle, we respond in a transparent manner to all requests from non-governmental organisations and interest groups. We also take critical questions as opportunities to inform people about our sustainability activities and enter into dialogue. The society-wide debate on climate change remained heated in 2022. This discussion is something we generally welcome, because, as an energy-intensive company in the building materials industry, we have a particularly great responsibility towards climate and environmental protection.

Also in the past year, the central concerns discussed were our targets, measures, and strategies with regard to climate protection along with other environmental issues, as well as the occupational safety of our employees and contractual partners, aspects of corporate governance, and respect for human rights.

## Overview of stakeholders

### Employees

#### # Relevant topics

Corporate culture and purpose, occupational health and safety, business performance, Group's future viability

#### Dialogue formats

Virtual and on-site meetings, works meetings, intranet, in-house magazines, video messages, dialogue formats

### Local communities

#### # Relevant topics

Requests for visits, sponsorship, and information, complaints, for example about noise and dust pollution, discussion of the planning of investment projects

#### Dialogue formats

Personal discussions, traditional newsletters and guidelines, digital offerings/social media, site visits and open days, public participation concepts (setting up contact offices and holding information and discussion events)

### Customers

#### # Relevant topics

Information on products, solutions, and certifications, innovative and sustainable products, product quality, handling of customer data

#### Dialogue formats

Customer events, "Sustainability Academies," personal contact partners, participation in trade fairs and events, digital applications

### Suppliers

#### # Relevant topics

Compliance, human rights, sustainability in the supply chain, business performance

#### Dialogue formats

Supplier discussions and surveys, supplier days, safety training

### Politics and public service

#### # Relevant topics

Heidelberg Materials' contribution to the decarbonisation of the sector, expansion of renewable energies and infrastructure, CCUS, circular economy, sustainable financing, permits and requirements

#### Dialogue formats

Personal discussions, public events and panels, association and organisation dialogue formats

### Non-governmental organisations

#### # Relevant topics

Human rights, climate protection and other environmental issues, occupational safety, corporate governance

#### Dialogue formats

Participation on panels and in discussion events, response to enquiries, partnerships

### Investors and analysts

#### # Relevant topics

Business performance, sustainability, corporate governance

#### Dialogue formats

Annual General Meeting, Capital Markets Day, quarterly conference calls, investor conferences, roadshows

### Universities and research institutions

#### # Relevant topics

Research cooperation, scientific exchange

#### Dialogue formats

Research projects, participation in professional events, publications, internships, student trainee positions, Quarry Life Award



# Compliance

Compliance is a vital element of our corporate values. The public image of Heidelberg Materials is shaped by the conduct of each and every employee. We respect the cultures and laws of the countries in which we operate as well as the local people and institutions. With our [Code of Business Conduct](#), we have introduced a Group-wide set of rules to which all of us are committed.

## Compliant behaviour is at the heart of our business activities

We can only achieve success by working as a team – and compliance is no exception. In turn, this means that compliance work itself must be clearly defined by rules and widely communicated. This is the role of our compliance management system. In addition to overseeing the system, the Managing Board takes the lead when it comes to reminding the workforce of their compliance obligations.

Compliant behaviour is also integral to our business model. Our production and extraction sites are generally designed for a service life of several decades. To maintain operating permits at our locations over these long periods and to renew our mining concessions at the required intervals, we need the constant support of the public and must prove our integrity time and time again.

## Our compliance management system

Our compliance management system consists of seven elements, which are also laid down in the auditing standard 980 issued by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer in Deutschland e.V., IDW).

- Our **compliance culture** is documented in our Code of Business Conduct.
- Our Code of Business Conduct and other compliance guidelines also define clear **compliance targets**.
- We generally carry out **compliance risk assessments** to help guide our compliance work, but also to specifically address the topics of anti-corruption and human rights.
- Our **compliance programme** includes, in particular, guidelines, a whistle-blower system and case management, sanctions screening, and reviews of business partners.
- The **compliance organisation** clearly defines responsibilities and ensures complete coverage of all compliance topics.
- **Compliance communications** include web-based and face-to-face training, videos, posters, online information, compliance letters, and other media use.
- Regular **compliance checks** are primarily carried out by Group Internal Audit.

We regularly make our employees aware of compliance matters. The topic is firmly integrated into all work processes through training opportunities and practical application on a daily basis. If there is no specific guideline on how to act in a particular situation, the compliance team can be consulted to give recommendations in line with our ethical standards and our Code of Business Conduct. We carry out our responsibilities towards customers, suppliers, official bodies, and business partners with honesty, integrity, and professionalism.

We believe that adhering to the principles of our Code of Business Conduct ensures the business success of Heidelberg Materials, creates a working environment built on trust, and leads to higher levels of satisfaction among all of our company's stakeholders.

## Non-financial statement

# Sustainable financing and taxes

Heidelberg Materials is represented in more than 50 countries worldwide. We create jobs at our locations – both directly at our production sites and indirectly in upstream and downstream business sectors. We promote economic development with our wages, investment, procurement, and taxes, particularly in economically weak regions, and assume our social responsibility. Since 2022, our financial instruments have also been linked to sustainability aspects.

## Financing



We use our Sustainability-linked Financing Framework as the basis for aligning the financing strategy with Heidelberg Materials' sustainability targets. We want to increase the share of sustainable financial instruments to over 70% by 2025. We are currently at 44%.

Our Sustainability-linked Financing Framework is based on, among other things, UN Sustainable Development Goals (SDGs) No. 9 “Industry, Innovation, and Infrastructure” and No. 13 “Climate Action.”

The Sustainability-linked Financing Framework has been established as a platform for the issue of various sustainability-linked financial instruments, such as bonds (including private placements), commercial papers, loans, debt certificates, and other sustainability-linked financial instruments, in various formats and current-

ies. Heidelberg Materials is a pioneer in the field of commercial paper (CP, short-term bearer bonds of a money market character) with a sustainable performance target. The CP programme is also linked to the reduction of specific CO<sub>2</sub> emissions per tonne of cementitious material in accordance with the 2026 target set out in the Sustainability-linked Financing Framework. If we are unable to reduce CO<sub>2</sub> emissions within the defined period and at the specified level, an additional annual interest payment must be donated to the non-profit organisation BirdLife Europe to promote biodiversity.

### Bonds and rating

### Sustainable financing

### Group financial management

## Tax strategy



We are aware that tax revenues are an important cornerstone for financing government investments and expenditures. To secure our licence to operate, it is essential that we comply with tax laws and regulations and pay taxes in the countries where we are active and generate profits. Our tax strategy forms the basis for the implementation of our sustainable business activities. It is closely linked to our Group strategy and sustainability targets and applies to all subsidiaries worldwide. It is reflected in our Tax Policy and Tax Principles, which set out the values and standards that guide our actions with respect to taxation.

Our internal control processes and guidelines are designed to avoid any violations of laws, thereby protecting our employees and averting any reputational damage. The positions we take are based on an appropriate interpretation of tax laws and regulations, any relevant judgments and opinions. Our tax matters are handled by internal tax specialists or external tax consultants. Our tax processes and controls are subject to regular audits by internal and external specialists. Any significant findings and risks are reported to the Chief Financial Officer and the Audit Committee of the Supervisory Board.

We communicate openly and transparently with tax authorities and aim to inform them promptly about important transactions and any tax issues. We organise our business transactions on the basis of sound economic and legal facts, and do not use any aggressive or artificial tax arrangements. According to the list of shareholdings, Heidelberg Materials has subsidiaries in countries that are considered tax havens; these companies are known to the tax authorities and are not used for tax avoidance purposes.

### Heidelberg Materials Tax Principles & Values

# ESG ratings and indices

ESG factors are becoming increasingly important in investment decisions, and the market for sustainable investments is growing steadily. The interest of our shareholders, financial analysts, and ESG rating agencies reflects this.

In 2022, we developed an ESG rating strategy that describes our future direction and successful positioning in the ESG ratings market. We provide data to rating agencies such as CDP, ISS ESG, MSCI, S&P, and Sustainalytics, and regularly analyse and evaluate the relevance and importance of different ratings. They are a valuable tool for identifying best practices and optimisation potential. In particular, the performance of Heidelberg Materials in the categories of environmental management systems, stakeholder dialogue, and business ethics was assessed positively in several ratings.

## CDP

In the CDP sustainability rating, Heidelberg Materials received a classification of B for "Climate Change" and A- for "Water" in 2022. [www.cdp.net](http://www.cdp.net)

## DAX 50 ESG

In March 2020, our share was added to the newly launched index DAX 50 ESG.

## FTSE4Good

We are a member of the FTSE4Good index family.

[www.ftserussell.com](http://www.ftserussell.com)

## ISS ESG

In the ISS ESG Corporate Rating, Heidelberg Materials has a score of C+ and is thus authorised to use the ISS ESG Prime Label. [www.issgovernance.com](http://www.issgovernance.com)

## Moody's ESG Solutions

In the rating by Vigeo Eiris, Moody's ESG rating unit, Heidelberg Materials received an overall score of 63 in October 2021, placing it among the three best-rated out of 25 companies in the building materials sector. [esg.moody's.io](http://esg.moody's.io)

## MSCI ESG

In 2022, Heidelberg Materials was again graded AA in the MSCI ESG Ratings. [www.msci.com](http://www.msci.com)

## S&P Global

Heidelberg Materials regularly takes part in the S&P Corporate Sustainability Assessment, achieving a score of 78 in 2022, five points more than in the previous year. [www.spglobal.com](http://www.spglobal.com)

## Sustainalytics

In Sustainalytics' ESG Risk Rating, Heidelberg Materials achieved a 27.7 score in November 2022, placing it in the medium risk category. [www.sustainalytics.com](http://www.sustainalytics.com)



# Sustainable Development Goals

As a leading producer of building materials, we are aware of our responsibility for the sustainable use of natural resources, for efficient and environmentally friendly processes, and for promoting innovation to optimise our products. Through our Sustainability Commitments 2030, we are supporting the UN Sustainable Development Goals. In doing so, we aim to help address social, economic, and environmental challenges at a global level. Our efforts are concentrated on those issues to which we can make a significant contribution as a company. With our business model in mind, we focus particularly on SDGs 5, 8, 9, 12, 13, and 15.

## Achieve gender equality and empower all women and girls



**Link to our strategy** The construction sector traditionally has a high proportion of men in the workforce. As an international company, Heidelberg Materials respects country-specific and cultural differences and recognises the value of a diverse, inclusive society.

**What we do** Alongside our target of increasing the proportion of women in leadership positions to 25% by 2030, we have launched a comprehensive programme of measures. This includes awareness-raising efforts for an inclusive working environment as well as measures to ensure equal opportunities and combat discrimination. We support the career development of our female future executives – for example, via mentoring, participation in programmes for the advancement of future executives, or targeted action plans such as a pilot programme for training women as truck drivers.

## Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all



**Link to our strategy** With approximately 51,000 employees in more than 50 countries, Heidelberg Materials generates a revenue of €21.1 billion. Our products are usually produced and sold in close proximity to the sales markets. In view of the strong local focus of our business operations, we attribute great importance to our cooperative relationships with the various stakeholders.

Occupational health and safety plays a special role for Heidelberg Materials as a manufacturing company. This applies in particular to our plants, facilities, and construction sites, as well as in connection with logistics and transport.

**What we do** We also create local jobs in rural areas, support the growth of the economy, and make a contribution in the communities to which our locations belong. We are committed to a dialogue based on trust with all such relevant groups. We also involve local stakeholders at an early stage when planning investment projects.

We adhere to technical standards at our locations and have strict rules for environmentally sustainable production processes. Heidelberg Materials strives to ensure compliance with sustainability standards in the supply chain. Group-wide purchasing guidelines therefore provide clear instructions regarding our supplier relations and purchasing activities. We review and pro-

mote sustainability in the supply chain via an ESG rating of our critical suppliers.

In the area of occupational health and safety, our primary target is to prevent fatalities and accidents resulting in personal injury. We aim to at least halve the lost-time injury frequency rate (LTIFR) by 2030.

## Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation



**Link to our strategy** Research is fundamental in helping us reduce process- and energy-related CO<sub>2</sub> emissions in the manufacture of our products. In our R&D activities, we strive to optimise existing processes and develop innovative processes and products.

**What we do** Research and innovation are essential for achieving the sustainability targets, enabling us to optimise processes, develop new products, and safeguard their quality for standardised use. Innovative products, improved processes, and new cement and concrete formulations help minimise energy consumption and CO<sub>2</sub> emissions and therefore reduce our impact on the environment.

## Ensure sustainable consumption and production patterns



**Link to our strategy** As a manufacturer of building materials and aggregates, Heidelberg Materials is dependent on natural resources obtained from sand and aggregates pits as well as quarries. As concrete is fully recyclable, there is great potential for achieving a circular flow of materials.

**What we do** Our circularity strategy aims to reduce the use of primary raw materials, recycle and reuse materials, and extend the life of the structures for which our products are used. Targets to promote circular products, increased use of alternative fuels, and the expansion of recycling activities help us to achieve this SDG.

Among other things, we are working to reduce our carbon footprint by closing the carbon loop, develop cements with a reduced clinker content, and devise innovative recycling technologies that allow waste concrete to be fully reused in fresh concrete. Our attention is focused on the life cycle of concrete – including how demolition concrete is processed and returned to the construction cycle.

## Take urgent action to combat climate change and its impacts



**Link to our strategy** The production of cement is particularly CO<sub>2</sub>-intensive. Accordingly, our industry is one of the major emitters of CO<sub>2</sub>. Around two-thirds of the carbon emissions generated by the cement industry in the production of cement clinker are process-related, while one third can be attributed to energy requirements.

**What we do** Reducing our own CO<sub>2</sub> emissions is our biggest lever in the fight against climate change. We have set a target of reducing our CO<sub>2</sub> emissions to 400 kg per tonne of cementitious material by 2030 and achieve net zero<sup>1)</sup> by 2050 at the latest.

We are investing substantially in researching and developing innovative low-carbon production technologies and products, and advancing a portfolio of sustainable products in every Group country.

In addition, concrete is becoming increasingly important as a building material in the context of preventing climate change-related damage. Thanks to its strength and durability, it is ideally suited for the construction of infrastructure that is resistant to extreme weather events.

## Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



**Link to our strategy** The extraction of raw materials such as limestone, sand, and gravel has an impact on nature and ecosystems. However, quarries and aggregates pits in intensively cultivated landscapes worldwide can also contribute to the conservation of habitats and biodiversity and are refuges for rare animal and plant species.

**What we do** We want to reduce, neutralise, or even overcompensate for the impacts of our activities. We work to conserve habitats and species throughout the life cycle of our quarries.

Even during the extraction phase at an operational site, we can create favourable conditions for threatened species that are associated with early stages of ecological succession. Through the reclamation process, we are also able to create new habitats, such as wetlands and species-rich grasslands, and integrate biodiversity features into any intended subsequent use.

Our target of being “nature positive” is linked to a comprehensive programme of measures to protect ecosystems. Biodiversity management plans are an integral part of our work.

1) According to SBTi definition.

# Our Sustainability Commitments 2030

## Building a more sustainable future

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

## Our Sustainability Commitments 2030

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





### Building a Net Zero Future

We drive the decarbonisation of our sector and provide low-carbon products.

#### CO<sub>2</sub> & Energy

- Reduce our Scope 1 CO<sub>2</sub> emissions to 400 kg per tonne of cementitious material
- Reduce our total CO<sub>2</sub> footprint according to the SBTi 1.5°C pathway<sup>1)</sup>
- Capture 10 million tonnes of CO<sub>2</sub> cumulatively through our CCUS projects



#### Additional Emissions

- Reduce sulphur and nitrogen oxide emissions (SO<sub>x</sub> and NO<sub>x</sub>) by 40% compared with 2008



#### Sustainable Revenue

- Achieve 50% of our revenue from sustainable products that are either low-carbon or circular



1) **SBTi business ambition for 1.5°C**: CO<sub>2</sub> reduction compared to base year 2020:  
Scope 1: -24% per tonne of cementitious material  
Scope 2: -65% per tonne of cementitious material  
Scope 3: -25% in absolute emissions from purchased cement and clinker



### Building a Safe & Inclusive Future

We place the health and wellbeing of employees, communities, and suppliers at the core of our business operations.

#### Diversity, Equity & Inclusion

- Ensure that 25% of leadership positions are filled by women



#### Occupational Health & Safety

- Achieve zero fatalities and reduce lost time injury frequency rate (LTIFR) by 50% compared with 2020



#### Community Engagement

- 100% of our sites have community engagement plans
- All employees are offered one day per year of paid leave for voluntary community work



#### Sustainable Suppliers

- 80% of critical supplier spend confirmed with a green ESG rating



### Building a Circular & Resilient Future

We drive circularity to reduce and reuse materials and natural resources.

#### Circularity

- Offer circular alternatives for 50% of our concrete products – aiming for full coverage



#### Sustainable Revenue

- Achieve 50% of our revenue from sustainable products that are either low-carbon or circular



### Building a Nature Positive Future

We contribute to a nature positive world through our industry-leading biodiversity programme and sustainable water management.

#### Biodiversity

- 100% of active quarries contribute to the global goal of nature positive, with 15% space for nature



#### Water

- 100% of sites in water-risk areas implement water management plans and water recycling systems





# Building a net zero future



## Reducing our CO<sub>2</sub> emissions



## Alternative fuel mix



### Alternative fuel rate

Successfully increased from 3% since 1990, target: 45%.

## Our commitment

**10** MIO T  
**CO<sub>2</sub>**  
EMISSIONS

captured by 2030 through our already launched **CCUS** projects.

**1.5°C**

We are **reducing** our total **CO<sub>2</sub> footprint** according to the SBTi 1.5°C pathway.

**50%**  
**Group revenue**

We achieve 50% of our revenue from **sustainable products** that are either low-carbon or circular.

**-40%**  
**compared with 2008**

**Reduction of** sulphur and nitrogen oxide emissions (SO<sub>x</sub> and NO<sub>x</sub>) by 2030.

# Climate strategy and CO<sub>2</sub> reduction

Concrete is essential for the infrastructure of the future. It is durable, fully recyclable, and produced locally. Given its resistance to extreme weather events such as droughts and severe storms, it plays an important role in mitigating climate change. Since concrete is also inexpensive to manufacture, it can provide even emerging countries with a solid infrastructure at a reasonable cost.

However, the production of cement, the “binder” in concrete, is CO<sub>2</sub>-intensive. Therefore, the building materials industry is one of the biggest producers of carbon dioxide emissions. At the same time, this means

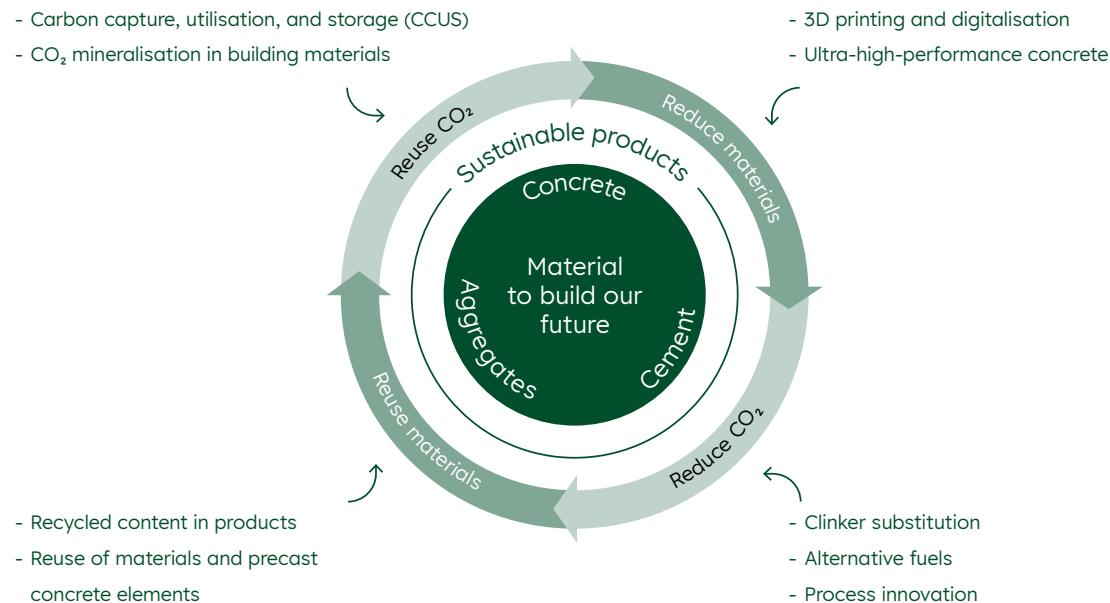
we have an opportunity to make a significant contribution to climate neutrality – and we are fully committed to this challenge at Heidelberg Materials.

As a technology leader, we are playing a pioneering role in the decarbonisation of our industry. We accept our share of the global responsibility to limit the rise in worldwide temperature to 1.5°C. We will reduce our CO<sub>2</sub> emissions to net zero<sup>1)</sup> by 2050 at the latest.

<sup>1)</sup> According to SBTi definition.

## Reduce and reuse: closing the carbon and material loops

- Carbon capture, utilisation, and storage (CCUS)
- CO<sub>2</sub> mineralisation in building materials



## Our path to net zero

Our ambitious climate protection targets have a special strategic role to play. By 2030, we aim to reduce specific net CO<sub>2</sub> emissions to 400 kg per tonne of cementitious material. This corresponds to a reduction of almost half compared with 1990. We will achieve this, among others, by **optimising the product mix** and making **process improvements**, such as maximising the use of alternative fuels, switching to electricity from renewable energy sources, and investing in plant efficiency.

In addition, we are making use of innovative **carbon capture, utilisation, and storage (CCUS)** technologies: CCUS is a key component of our climate strategy. Our facility in Brevik, Norway, is scheduled to go into operation as early as 2024. By 2030 we will have implemented further projects at Edmonton in Canada, Padeswood in the United Kingdom, and Slite in Sweden, among other locations. With Heidelberg Materials' already launched CCUS projects alone, we aim to cut our carbon emissions by 10 million tonnes cumulatively by 2030.

Through our **investments towards a circular economy**, which we are already implementing today, we will also make a decisive contribution to the long-term reduction of CO<sub>2</sub> emissions. Among other things, we are working intensively on innovative processes for the specific processing of concrete parts, their recarbonisation, and reuse in concrete as a building material.

## Non-financial statement

## In line with SBTi 1.5°C pathway

In February 2023, the Science Based Targets initiative (SBTi) validated Heidelberg Materials' 2030 CO<sub>2</sub> reduction targets according to its new 1.5°C framework. The commitments towards the SBTi<sup>1)</sup> are consistent with Heidelberg Materials' own previously communicated target to reduce specific net CO<sub>2</sub> emissions to 400 kg per tonne of cementitious material by 2030.

The SBTi reviews and validates companies' emission reduction targets based on scientific climate findings. Its 1.5°C framework for the cement industry is the first guidance for setting science-based targets in line with the Paris Agreement's goal of limiting global temperature rise to 1.5°C above pre-industrial levels.

## Globally anchored climate protection targets

Our reduction strategy is based on solid measures at plant and product levels, the implementation of which is well underway. For all measures, we have defined concrete targets for all locations worldwide. Since the 2021 financial year, the reduction in CO<sub>2</sub> emissions has been anchored in the remuneration of the Managing Board and every bonus-eligible employee worldwide. This underlines the strategic relevance of our climate protection targets.

In addition to our own production operations, we consider the supply chain when it comes to reducing our CO<sub>2</sub> emissions. By joining the [First Movers Coalition](#), we are also recognising our responsibility as a purchaser of green products and services.

<sup>1)</sup> CO<sub>2</sub> reduction compared to base year 2020:  
Scope 1: -24% per tonne of cementitious material  
Scope 2: -65% per tonne of cementitious material  
Scope 3: -25% in absolute emissions from purchased cement and clinker



## Circular City

# Europe's first municipal urban mining project

Together with the city of Heidelberg, another pioneer in the field of climate protection, Heidelberg Materials wants to demonstrate the enormous potential of concrete recycling for the urban planning of the future in the Circular City project. Instead of demolished concrete being disposed of at landfill

sites or utilised in roadbeds, it would be crushed using novel processes, sorted into its components, and returned to the construction cycle.

With the project, also in which consultants Drees & Sommer SE and the materials platform Madaster are involved alongside Heidelberg Materials, Heidelberg is the first city in Europe to apply the principle of urban mining, with construction and demolition waste to be reused in new construction projects in support of the circular economy. The aim is to conduct a complete economic and environmental analysis of the city's building stock, which will be compiled in a digital material register. This information will enable the city to, for example, plan landfill sites and treatment areas accordingly and foster local value creation through regional supply chains and new business models.

# Our CCUS project portfolio



## CC

As part of our **carbon capture** projects, we are testing the capture of high-purity CO<sub>2</sub> from the clinker production process.

## CCU

**Carbon capture & utilisation** refers to the use of separated CO<sub>2</sub>, such as for the production of synthetic fuels, for the cultivation of microalgae, or for the recarbonation of recycled concrete.

## CCS

In addition to active use, we also carry out **carbon capture & storage**, i.e. the storage of captured CO<sub>2</sub> in suitable geological formations.

## CCUS

Our **carbon capture, utilisation, & storage** projects cover the entire value chain – from CO<sub>2</sub> capture, transport, and storage to the utilisation of captured CO<sub>2</sub>.



### CCS

#### Brevik, Norway

Capacity: 400 kt CO<sub>2</sub> p.a.

### CC

#### Hanover, Germany

LEILAC 1: finalised  
LEILAC 2: engineering  
Capacity: 100 kt CO<sub>2</sub> p.a.

### CC

#### Mergelstetten, Germany

Oxyfuel pilot

### CCUS

#### Edmonton, Canada

Capacity: 1 mt CO<sub>2</sub> p.a.

### CCU

#### Safi, Morocco

Upscaling capacity

### CCUS

#### Padeswood, UK

Capacity: 800 kt CO<sub>2</sub> p.a.

### CCUS

#### Devnya, Bulgaria

Capacity: 800 kt CO<sub>2</sub> p.a.

### CCS

#### Slite, Sweden

Capacity: 1.8 mt CO<sub>2</sub> p.a.

### CCUS

#### Mitchell, Indiana, US

Capacity: 2 mt CO<sub>2</sub> p.a.

### CCS

#### Eastern Europe

Two large-scale CCS projects



We are currently focusing on **three carbon capture technologies** in particular:

#### AMINE TECHNOLOGY

At the end of the conventional combustion process, sulphur and nitrogen oxides are filtered out of the flue gas. The CO<sub>2</sub> is then separated from the remaining exhaust gas via a washing system using liquid amine. After separation, the CO<sub>2</sub> with a purity of about 99% percent can be used as a raw material or stored.

#### OXYFUEL TECHNOLOGY

The oxyfuel method is a clinker-burning technique in which pure oxygen is introduced into the kiln instead of air. This leads to a CO<sub>2</sub> content of up to 90% in the exhaust gases, which can be further upgraded to 99%. The aim is to capture the CO<sub>2</sub> in a more energy-efficient way than by post-combustion capture, as no additional heat is required.

#### DIRECT SEPARATION

A special reactor replaces the conventional calciner of the kiln system to separate the CO<sub>2</sub> already during calcination. Direct separation technology is supposed to enable the capture of process-related CO<sub>2</sub> without additional use of heat or any other commodity.

#### Brevik, Norway: Brevik CCS

The world's first large-scale facility for carbon capture in the cement industry has been under construction at our Brevik cement plant in Norway since 2021. The facility will use amine technology to capture 400,000 tonnes or 50% of the plant's emissions annually, starting 2024. According to the planned schedule, the CO<sub>2</sub> emissions captured will be transported to an underground storage site below the North Sea. The project is currently moving from planning to the instalment phase. As part of the project, the carbon capture plant is being integrated into the current cement plant without disrupting the ongoing cement production. Two years into the project, it is progressing well. This has been made possible by clear government support, the social acceptance of CCS technology in Norway, and successful cooperation with the respective authorities.

#### Mergelstetten, Germany: catch4climate

In order to further develop the oxyfuel technology for carbon capture, Heidelberg Materials is participating in a joint research project to construct an oxyfuel kiln line together with three other European cement manufacturers as part of the catch4climate pilot scheme. The catch4climate project, which Heidelberg Materials pursues together with Buzzi/Dyckerhoff, Schwenk, and Vicat, aims to create the necessary conditions for large-scale use of low-energy, and thus more cost-effective, carbon capture technologies at cement plants. To this end, a semi-industrial scale demonstration plant is currently under construction on the site of the Mergelstetten cement plant in Southern Germany. In addition to testing the pure oxyfuel technology, part

of the CO<sub>2</sub> obtained will be used to manufacture climate-neutral synthetic fuels, such as kerosine for aviation. All permits have been required and the implementation phase has started.

#### Hanover, Germany: LEILAC

The EU-funded LEILAC (Low Emissions Intensity Lime And Cement) project, in which Heidelberg Materials is one of the strategic partners, aims to demonstrate the technical and economic feasibility of process technology designed to capture CO<sub>2</sub> in its purest form when it is released as the raw material is heated. After the construction of a 60-metre-high demonstration calciner at our cement plant in Lixhe, Belgium, and the successful completion of process trials, it was decided to transfer the LEILAC technology to industrial scale. Following a very successful first phase of the LEILAC project in Lixhe, Heidelberg Materials will work together with Australian technology company Calix and a European consortium to build a facility four times as large at our plant in Hanover.



## Edmonton, Canada

At our cement plant in Edmonton, Alberta, we are developing North America's first industrial-scale carbon capture, utilisation, and storage solution in the cement industry. In the future, we intend to capture a total of around 1 million tonnes of CO<sub>2</sub> per year from the cement kiln and the connected combined heat and power (CHP) plant. Heidelberg Materials and Enbridge Inc. intend to collaborate on a carbon transport and storage solution for the captured CO<sub>2</sub>. A detailed FEED study is being conducted before to take the final investment decision. Subject to the granting of carbon sequestration rights and regulatory approvals, the project could go into operation as early as 2026.

## Safi, Morocco: CO<sub>2</sub> for the cultivation of microalgae

In cooperation with our Dutch partner OmegaGreen, we launched a large-scale research and demonstration project at our Safi cement plant in Morocco in 2018. In Safi, we use CO<sub>2</sub> captured from the cement kiln to breed microalgae, which can be used as fish food and other animal feed. We are currently producing approximately 25,000 kg of microalgae annually on a 0.5 ha area. The algae farm is operated by a local team, which means that new and sustainable jobs have been created in Safi in an innovative field. Similar exploratory research projects have already been carried out in Sweden, Turkey, and France. In 2022, we have installed and commissioned a spray-dryer which is now producing dry algae. Based on the interests in the market, the plan is to expand capacity gradually to reach a tenfold increase in 2026 compared to current production.

## Padeswood, UK: HyNet North West

We are also planning a carbon capture facility at our Padeswood cement plant in the United Kingdom. In cooperation with the government-sponsored HyNet North West consortium, it will be connected to the proposed CO<sub>2</sub> transport and storage system. A CCS feasibility study has been conducted to establish a clear basis for planning and provide a cost estimate for the next phase. The project is expected to reduce regional carbon emissions by up to 10 million tonnes a year by 2030, including up to 800,000 tonnes from Heidelberg Materials' Padeswood cement plant.

## Devnya, Bulgaria: ANRAV

ANRAV aims to be the first full-chain CCUS project in Eastern Europe. It will link carbon capture facilities at the Bulgarian cement plant of Heidelberg Materials' subsidiary Devnya Cement through a pipeline system with offshore permanent storage under the Black Sea. The project is carried out jointly with the oil and gas company Petroceltic. Subject to regulatory and permitting aspects, it could start operation as early as 2028, with a capturing capacity of 800,000 tonnes of CO<sub>2</sub> annually. The EU Innovation Fund, one of the world's largest funding programmes for innovative low-carbon technologies, will support Heidelberg Materials and Petroceltic with around €190 million, complementing substantial contributions by both partners.

## Antoing, Belgium: Anthemis

Heidelberg Materials intends to equip its Belgian Antoing with an innovative hybrid carbon capture unit: the second-generation OxyCal concept combines the oxy-fuel and amine capture technology in a hybrid unit that no longer requires an additional preheater tower. This means a significant reduction in the need for structural steel and concrete, which considerably improves the resource efficiency of the system. Once operational, the project will reduce CO<sub>2</sub> emissions from Antoing by more than 97 %, equalling around 800,000 tonnes of captured CO<sub>2</sub> annually. While the project will focus on the carbon capture process, collaborations will be established with various partners to transport and store the captured carbon, with the aim of creating a complete CO<sub>2</sub> value chain. To support the construction of the capture unit, the company will seek national, regional, and EU funding.

## Slite, Sweden: Slite CCS

By 2030, we plan to develop a completely climate-neutral cement plant at our site in Slite on the Swedish island of Gotland. The facility in Slite will be designed to capture up to 1.8 million tonnes of CO<sub>2</sub> per year, equivalent to the plant's total emissions. In addition, the use of biobased fuels for the production of cement in Slite will be increased. After a feasibility study addressed questions concerning technology choices, environmental impact, legal aspects, financing, logistics, and energy supply, the project has now entered a more detailed engineering phase. According to the plans, the captured CO<sub>2</sub> will be transported to permanent storage site below the North Sea.

**Mitchell, USA**

The project at Heidelberg Materials' Mitchell, Indiana, cement plant aims to capture 95% of the CO<sub>2</sub> emissions from the newly renovated production facility and store them in a local onshore reservoir in the Illinois Basin. To advance the carbon capture project, we will now conduct a site-specific FEED study. In addition to evaluating the cost and performance of the overall project, the study will examine social, economic, and environmental impacts. Funding for the study has been granted by the US Department of Energy's (DOE) Office of Fossil Energy and Carbon Management (FECM).

**CCS under construction**

# Good progress on the CO<sub>2</sub> milestone project

CCUS technology is key to decarbonising our cement and concrete products – and ultimately to decarbonising the entire building materials industry. The world's first industrial-scale carbon capture plant in the cement industry is currently under construction at our plant in Brevik, Norway.

Starting within 2024, 400,000 tonnes of CO<sub>2</sub> per year will be captured and transported by ship to an onshore terminal on the west coast of Norway. From there, the liquefied CO<sub>2</sub> will be transported by pipeline to the storage site below the North Sea, where it will be held permanently. The particular challenge here is that the facility in Brevik is being constructed while cement production continues as before.

As a first step, the foundations and concrete structures were put in place in 2022, and work is now beginning on the installation of the actual capture system. Its components – including pipes, pumps, valves, and electrical modules – are being assembled in nearby Trosvik before they are transported to the cement plant by cargo ships and lifted onto the site. One major heavy-lift operation is scheduled for summer 2023: a crane with a lifting capacity of 650 tonnes will move a series of parts and modules weighing between 80 and 350 tonnes into their final positions.



# Building a circular and resilient future



## Sustainable revenue

With sustainable products and solutions, we are already achieving

**34%**  
in sustainable revenue

## Our commitment

**50%**  
revenue

We achieve 50% of our revenue from sustainable products that are either low-carbon or circular.

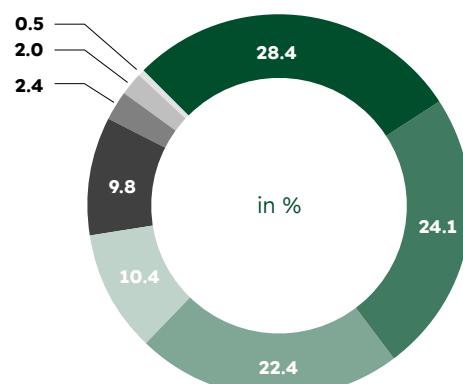
## Our Sustainability Commitments 2030



**circular alternatives**

We offer circular alternatives for 50% of our concrete products – aiming for full coverage.

## Cement type portfolio



- Ordinary Portland cement
- Limestone cement
- Multi-component cement
- Pozzolana/fly ash cement
- Slag cement
- Masonry cement/special binder
- Ground granulated blast furnace slag
- Oilwell/white cement

## Research & development



**GERMAN INNOVATION AWARD FOR CLIMATE AND ENVIRONMENT 2022**

We won the German Innovation Award for Climate and Environment for our innovative **ReConcrete-360°** concept in 2022.

# Sustainable products and solutions

Climate-friendly construction calls for climate-friendly building materials. We work intensively to develop and produce innovative, environmentally and socially responsible products that meet the highest quality standards over their entire life cycle. Through resource efficiency, co-processing of waste materials, and concrete recycling, we want to contribute to the successful growth of a circular economy.

We aim to generate half of our Group revenue from sustainable products by 2030. In doing so, we use four criteria as a basis, at least one of which must be fulfilled for classification as a "sustainable product."

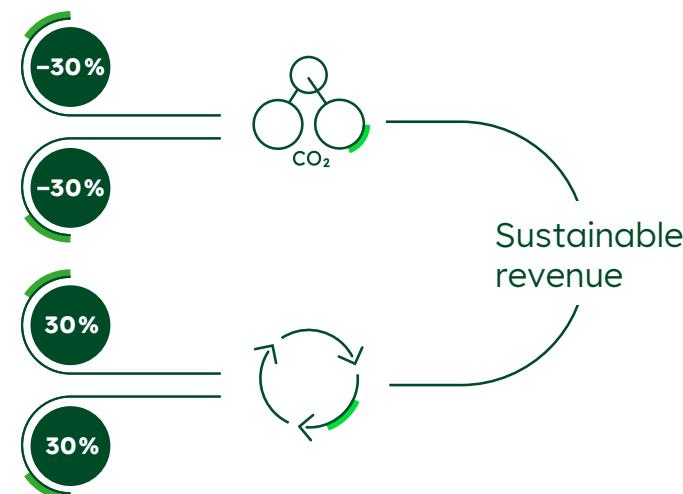
## Criteria for sustainable products

**Low-carbon cement**  
30% less CO<sub>2</sub> vs. CEM I in 2020<sup>1)</sup>

**Low-carbon concrete**  
30% less CO<sub>2</sub> vs. CEM-I-based concrete in 2020<sup>1)</sup>

**Circular products: reuse materials**  
30% recycled content

**Circular products: reduce materials**  
30% less material



## Strong local, sustainable, and low-carbon product portfolio

Sustainable building materials with the smallest possible carbon footprint are playing an increasingly important role for us and our customers. Our research and product innovation labs have developed various alternatives to traditional cement with reduced environmental impacts, including cements and concretes with improved carbon footprints as well as building materials with characteristics that support the use of less material and enable society to implement climate-friendly solutions.

## Concretes with improved carbon footprints

By using substances such as blast furnace slag and fly ash as secondary cementitious materials (SCMs), we can reduce the CO<sub>2</sub> intensity of concrete. To improve the carbon footprint of our products based on Portland cement, we use what are known as additives. These are alternative materials that are produced during the manufacture of pig iron or when electricity is generated from coal in steel mills and coal-fired power plants and serve as source materials for composite cements, in which Portland cement clinker is partially replaced. In addition, we have been working for several years on the development of alternative binders with the aim of reducing or even completely replacing conventional clinker.

## Concrete containing recycled aggregates

We offer concrete solutions containing varying proportions of recycled aggregates in all Group countries. While sustainable and environmentally friendly concrete products incorporating up to 100% recycled aggregates and low-carbon cement are available in several countries, in others, standards and norms, approvals, or political regulation must be put in place before such products can be introduced.

## Innovative solutions with less material

Other innovative solutions reduce the amount of material needed, such as through precision engineering and the targeted use of material, or through the safe and cost-efficient renovation of infrastructure that has reached the end of its service life. Ultra high-performance concretes (UHPCs), for example, are characterised by very high compressive strengths. That means

1) -30% vs. GCCA CEM1 in 2019/20, translates to <552 kg CO<sub>2</sub>/t cementitious and <5.5 kg CO<sub>2</sub>/m<sup>3</sup>/MPa

they can be used to build concrete structures that are remarkable for their economical use of materials as well as their reduced weight and slim construction. The use of UHPC in object renovation also avoids CO<sub>2</sub> that would otherwise be generated when the structure is demolished and rebuilt. 3D concrete printing is a particularly resource-efficient way of using materials: because the material is very precisely put only where it is actually needed, less concrete is needed overall for this type of construction.

#### Solutions supporting the energy transition and for clean air

Besides reducing our carbon footprint by using alternative raw materials and clinker technologies, our research laboratories are also working on products intended to contribute to a cleaner urban environment and support the energy transition. Over its life cycle, a building's energy and carbon footprint can also be significantly improved by implementing modern climate concepts using concrete. That is because concrete's ability to absorb and store heat means it can contribute to the passive heating or cooling of buildings.

#### Communicating with customers: our Sustainability Academies

Sustainable construction is more than just a trend. We are seeing significant, steadily growing demand for sustainable products across all customer groups. We share information about our sustainability targets and our sustainable products, such as low-carbon concretes or concretes with a higher level of recycled content, with internal and external audiences through our



#### Customer dialogue

## Let's talk sustainability

Which sustainable products are suitable for my construction project? What opportunities are offered by concretes with a smaller carbon footprint or increased recycled content? And what contribution can the building materials sector make towards net zero? In addition to sharing information about our product portfolio and the benefits of different solutions, one of the main topics we discuss with customers is sustainability.

In numerous Group countries, we offer online and in-person programmes for private clients, architects, and construction companies, which are very well received. In 2022, as part of our "Let's talk sus-

tainability" series, the team from our subsidiary Hanson UK provided insights into strategies for decarbonising the building materials sector. The programme included a panel discussion with key customers and a presentation by CSO Dr Nicola Kimm.

In Germany, we hold regular Sustainability Academies, giving customers information about the assessment and application of sustainable concretes. Similar content is also covered in person at Beton University by our Czech subsidiary. In 2022, for example, the participants had the opportunity to find out about the advantages of concrete containing recycled aggregates.



Sustainability Academy events. In several countries, we regularly hold face-to-face events or online seminars in which our experts pass on important background knowledge to the participating groups of people from the architectural field, construction companies, and the planning sector as well as private builders so that they can compare products more easily and weigh up possible applications with greater precision. In addition, the participants are given information about certification systems, guidelines, as well as funding criteria and options.

Our close proximity to the market enables us to provide our customers with extensive advice and develop our products in close consultation with them. The responsible departments and employees are directly incorporated into the organisation of the respective national subsidiaries and develop cements, aggregates, and concretes that are optimally adapted to local needs. This development work is often carried out through direct cooperation with our customers. However, our work does not end with the product, but also includes providing customers with expert advice on product usage. We sell standardised products whose effects have been analysed in detail. For all these products specific safety data sheets are required, which we provide to the customers. Customers who wish to file complaints can get in touch with their personal contact partners, whereby all complaints – whether of a technical, logis-

tical, or commercial nature – are forwarded directly to the appropriate department.

Heidelberg Materials uses the Net Promoter System (NPS®) and full customer journey mapping to deepen our customer insights and optimise the customer experience. In recent years, around 3,000 optimisations based on customer feedback have been made to improve the experience we offer our customers. Our Net Promoter Score for 2022 is 47. We treat all the customer data we collect confidentially and in compliance with the GDPR, and we do not pass on any information to third parties. For 2022, we are not aware of any justified complaints regarding violations of the protection or loss of customer data.

### **Digitally sustainable**

Our digital teams are important partners in improving our sustainability performance. Digital solutions help us to optimise our ESG reporting, measure sustainable revenues, and provide information on the sustainability performance of our products, such as environmental product declarations (EPDs). They also support us in communicating and explaining our sustainability targets to customers. In operational terms, we can use digital applications to increase the efficiency and sustainability performance of our production units. We regularly review available digital technologies and products to examine how these might improve sustainability in our own locations as well as for our customers.

### **Non-financial statement**

# Circular economy

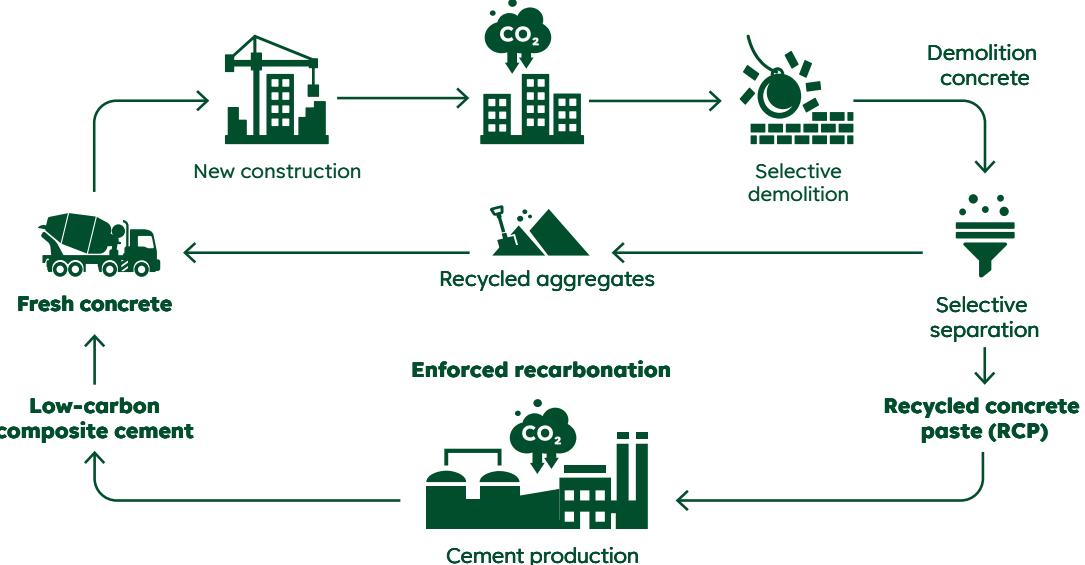
Increasing the circularity of our products is a key component of our sustainability strategy and an imperative given the increasing demand for housing and infrastructure, coupled with the limited availability of raw materials. Concrete is fully recyclable – which means our industry can have a big impact. Through resource efficiency, co-processing of waste materials, and concrete recycling, we want to contribute to a functioning circular economy.

## Leading the way in the circular economy

Heidelberg Materials is strengthening circularity along the entire value chain. We also see the increasing importance of resource efficiency and closed material cycles as an opportunity to develop new business models and drive sales of sustainable products. Through our subsidiaries, we are already active in the recycling business in several countries and are working on the targeted processing of concrete components, as well as their recarbonation and reuse in concrete as a building material.

By 2030, we want to offer circular alternatives for 50% of our concrete products. This will allow us to conserve primary resources and meet our customers' increasing demand for sustainable building materials in the future. Building material recovery and concrete recycling will make a significant contribution here and are crucial to us achieving our sustainability targets.

## Transforming demolition material into a raw material source



## Conserving primary raw materials through the use of recycled materials

Demolition concrete is still partly disposed of at landfill sites today or is often used in road construction for compaction or as a frost protection layer. This does not do justice to the building material's value-adding potential or its complex, energy-intensive production process. More can be achieved through recycling.

On the one hand, this saves primary raw materials such as sand and gravel, which are used as aggregates in the production of concrete. And on the other hand, the

fine materials obtained during recycling can be separated off as so-called cement paste (recycled concrete paste, RCP), carbonated, and then returned to cement production as an alternative cementitious raw or filler material.

The expansion of our recycling activities represents a further step towards the implementation of our circularity strategy and guarantees a supply of recycled aggregates for our ready-mixed concrete sites.

**From demolition material to raw material source – 100% recovery of all concrete components**

Heidelberg Materials is working intensively on innovative methods for processing, reprocessing, and recycling demolition concrete, a valuable material in the construction cycle. The opportunities afforded by innovation in this area are great. In line with the European Union's circular economy targets, Heidelberg Materials is also involved in research projects investigating the reuse of recycled building materials. We won the German Innovation Award for Climate and Environment (IKU) in the "Process Innovations for Climate Protection" category for our innovative ReConcrete-360° concept in 2022.

In ReConcrete-360°, waste concrete is crushed using novel processes and sorted almost homogeneously into its components to obtain not only sand and gravel but also hardened cement paste. The latter can be reused as a valuable low-carbon raw material in clinker and cement production, replacing natural limestone as a raw material – in support of circularity. In addition, the hardened cement paste can absorb and permanently bind CO<sub>2</sub>, thus acting as a carbon sink.

With ReConcrete, we have been able to show on a pilot scale that concrete can be fully recycled without loss of quality through selective processing of its individual components. The process concept will now be further developed and scaled for industrial application.



## EcoBlock+: efficient use of leftover concrete

On delivery to construction sites, ready-mixed concrete must be used within a very short time – or else it hardens. A key concern for concrete manufacturers is therefore how to efficiently use concrete residues that arise when customers do not consume all of the concrete supplied or from a surplus during production.

Our Lithuanian subsidiary HC Betonas has found a sustainable solution for the excess material and created a new product in the process: under the EcoBlock+ label, standardised, stackable blocks are cast from leftover concrete. These blocks are suitable for a wide range of building projects and for use on construction sites. They can be combined flexibly and without binders to form durable constructions but can also be disassembled again afterwards and used elsewhere. The recycled concrete thus saves material and time.

## Alternative fuels

Many by-products from other industries serve as valuable raw materials for Heidelberg Materials. We use these resources as alternatives to finite natural raw materials and fossil fuels in the production of cement. In this way, we are helping to conserve resources and solve the problems associated with waste disposal faced by municipalities and industrial companies near our plants. At the same time, these efforts are also reducing our CO<sub>2</sub> emissions. We want to increase the proportion of alternative fuels in our fuel mix to 45% by 2030. In 2022, the figure was 28.7%. The waste-based biomass used, which accounted for around 13% of the fuel mix in 2022, makes a special contribution here, as it is considered climate-neutral under European legislation. We intend to increase this figure to 20% by 2030.

Alternative fuels are generally waste that either cannot be recycled in full and would therefore be uneconomical to recycle or can only be incinerated for energy recovery to ensure safe disposal. In this scenario, co-processing in clinker kilns for thermal energy recovery is regarded as a worthwhile option, as it not only uses the

waste's calorific value but also embeds its mineral components into the clinker as raw material. The waste is co-processed without any residue in a burning process that meets the same strict emission standards as those set for waste incineration plants.

### **Non-financial statement**

#### **Waste**

Our main focus in waste management is to minimise production waste. For example, kiln dust that is a by-product of clinker production is generally reused as an alternative raw material in the production of certain types of cement. This dust has to be removed from the kiln systems at several facilities in order to prevent disruptions to proper kiln operations. In some exceptional cases, the locally produced cement type portfolio prevents us from fully recycling the dust. A second possibility for us is to use the kiln dust as a raw material for the production of special concrete. If no other option is available, it can be deposited in underground landfill sites in a controlled process. The local operating permit at each plant specifies the allowable amount of process-related waste products and how it is to be used.

Excess concrete is also generally reused in our plants: either as fresh concrete or cured in the form of building elements, which are then used, for example, to secure construction sites. If concrete cannot be reused fresh, it is still possible to crush the completely recyclable concrete and return it to the production cycle. With digital solutions such as our OnSite app, we also support our customers in demand planning and ordering to avoid overproduction in the first place.

### **Use of hazardous materials**

The careful handling of hazardous wastes is a key element of every country's waste disposal infrastructure. For most types of hazardous waste, reuse in cement plants has proved to be a safe means of utilisation. The high temperatures of over 1,450°C and long incineration period in the kilns ensure that all harmful components are completely destroyed. This has been confirmed by measurements taken by independent state-certified institutes.



# Building a nature positive future



## Quarries

**204**  
PROJECTS

were submitted to our Quarry Life Award biodiversity competition, 7 of which received international awards.

**92%**

quarries with an after-use plan.

**51%**

proportion of quarries located near an area of high biodiversity value with biodiversity management plans.

## Our commitment

**100%**

of our active quarries contribute to the global goal of nature positive, with



**15%**

space for nature.



**100%**

of sites in water-risk areas implement water management plans and water recycling systems.

## Water recycling



WE COLLECTED  
**2.0 MILLION**  
CBM  
OF RAINWATER  
IN 2022.

## Water consumption

**288** LITRES PER TONNE OF CEMENT

specific water consumption in 2022.

## Water and hygiene



**WASH Pledge**  
for access to safe water

We have implemented the **World Business Council for Sustainable Development's** WASH Pledge for access to safe water, sanitation, and hygiene at all production sites.

## Our Sustainability Commitments 2030

# Biodiversity and water management

## Biodiversity

### **Our target: nature positive**

The extraction of raw materials impacts nature in many respects, changing landscapes and natural habitats. Responsible land management is therefore an essential element of the Heidelberg Materials sustainability strategy, and we are committed to working towards the global goal of nature positive.

“Nature positive” means stopping and reversing biodiversity loss in order to ensure a global net gain for the planet. In simple terms, there should be more nature by 2030 compared with 2020. For this purpose, it is important to protect spontaneously created natural areas within active quarries in addition to integrating biodiversity features into the post-extraction reclamation plans. Companies such as Heidelberg Materials can play their part in halting and reversing biodiversity loss by addressing their own impact on nature and implementing measures that achieve positive results for nature and outweigh their negative contributions.

### **Biodiversity management at our locations**

As a business reliant on the extraction of raw materials, we acknowledge our impact and accompanying social responsibility. Our quarry development activities – sustainable extraction methods, reclamation/restoration, and intensive cooperation with nature conservation groups – take account of nature. For many years, we have been committed to protecting and preserving native animal and plant species.

Numerous scientific studies demonstrate that active quarries can be extremely valuable to nature. They offer a wide variety of habitats, including undisturbed biotopes that are rarely found in today’s developed landscapes, which support many endangered and/or protected species, such as the sand martin, the yellow-bellied toad, the eagle owl, or the Eurasian otter.

Post-extraction reclamation further offers significant opportunities to create critical habitat types that support numerous flora and fauna, and has the potential to increase the ecological value of the site. To build on the positive impact our biodiversity management and reclamation can deliver, we work closely with nature conservation organisations, local authorities, and neighbouring communities to make an important contribution to restoring biodiversity.

### **Cooperation with nature conservation organisations**

Partner organisations help us to minimise our impact on the environment and promote biodiversity at our quarries and in their surroundings. Since 2011, we have greatly benefited from a partnership with the largest international nature conservation organisation, BirdLife International. Together, we aim to minimise negative environmental impact and promote biodiversity in and around our quarries. BirdLife International and its national partner organisations help us maximise the role our extraction sites can play for biodiversity by imparting knowledge, sharing best practice, and working on the ground with our operational staff to engage and empower them. More than 40 biodiversity projects have been initiated worldwide since the start of this cooperation.

While the priority action for Heidelberg Materials is protecting and enhancing biodiversity in our own operations, it is also important to support the education of wider society about the loss of biodiversity and its consequences.

Therefore, during the reporting year, Heidelberg Materials again supported BirdLife International’s Spring Alive project, which aims to foster an interest in migratory birds among children in Europe and Africa, as well as their families and teachers. In 2022, the focus was on “Citizen science for birds,” which encouraged participants to get involved in monitoring these species and to learn more about their behaviour and habitat needs.

### **Quarry Life Award**

As a unique initiative in the building materials industry, the Quarry Life Award is an integral part of the Heidelberg Materials sustainability strategy. The research and education competition supports our approach to innovative biodiversity management, promotes research, and engages stakeholders around the world.

Researchers, university students, and non-governmental organisations as well as members of our local communities are invited to develop and – provided they qualify to participate in the competition – implement ideas for biodiversity-related projects at our company’s quarries worldwide.

Heidelberg Materials uses the award-winning projects as a basis for developing best practices for quarry management, which are then rolled out globally. In this way, we want to promote the evaluation of the

quarries' ecological value and support the development of new methods that benefit scientists, government authorities, and our company as well as nature.

The fifth edition of the [Quarry Life Award](#) was launched in May 2021. Heidelberg Materials opened its quarries and gravel pits from January to September 2022 so that the selected projects could be implemented. At the end of 2022, the winners were awarded at national and international level.

## Water management

Heidelberg Materials has committed itself to limiting the impact of its activities on the limited natural resource of water to the greatest possible extent. We comply with stringent environmental regulations to ensure that our raw material quarrying does not endanger local bodies of surface water or groundwater resources. Through conservation measures and efficient use, we want to conserve water and minimise negative effects. This can be achieved by using rainwater, utilising reuse and recycling technologies, or working with local communities on water-related projects.



## Water management

# Our locations in India are water positive

The state of Madhya Pradesh is one of the most severely affected by drought in India. There, as in other regions of the country, we are working intensively to effectively address the scarcity of water.

In accordance with ISO 14046 and the relevant TÜV SÜD protocol, the successful actions of our locations in India for ensuring responsible water use were again confirmed in 2022: in total, about 6.5 times as much water was recovered as is required for our production processes. This corresponds to a water surplus of more than 10 million cbm. With the help of various rainwater collection systems, the Yerra-

gunta site even managed to provide the local community with around 12 times as much water as it consumed.

With a blue water footprint of 0.25 cbm/t, our Indian subsidiary is again considered water positive. Water positivity is an approach characterised by promoting clean water and reducing water consumption. It is often associated with secure access to clean water as a fundamental human right and raising awareness of water-related issues such as scarcity and pollution.

## The importance of water for our production processes

Water is used, for example, when washing gravel and sand as well as for cooling and cleaning transport vehicles. It is also one of the source materials for concrete manufacturing and becomes part of the building material during its production. We obtain some of the water we use from the public water supply, but the majority comes from our own approved well systems or from rivers and lakes. The use of rainwater in cleaning and production processes is also becoming increasingly important. All direct withdrawals are heavily regulated and closely monitored by governments worldwide. The local operating permit at each plant specifies the allowable amounts of water extraction and recirculation. Some of the water – the water used for cooling, for instance – evaporates and is released into the atmosphere. The cleaning water that accumulates when transport vehicles are washed is fully recycled. We dispose of the domestic wastewater accruing at our company buildings via the municipal wastewater systems.

## Sustainable water management

A water reporting system based on the GCCA guidelines has been introduced at all of our company's cement plants. We work continuously to reduce our water consumption, for example, by switching to closed cooling circuits and recycling systems. We have therefore also started to introduce measurement systems and key figures on water reporting in our aggregates and ready-mixed concrete business lines.

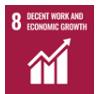
We use an integrated approach when considering environmental risks, which are increasingly related to water due to climate change. While working to reduce our consumption of fresh water worldwide, we take local conditions and challenges into account in the implementation of specific water management measures. The particular conditions in each region in terms of factors such as climate, water resources, population growth, and economic development influence the availability and use of water. We therefore rely on individual approaches tailored to the respective locations

in order to reduce water consumption as far as is economically and technically possible. A local approach can also be more participatory and involve key stakeholders such as communities, businesses, and governments in the development and implementation of water reduction initiatives. This can lead to greater ownership and increase the sustainability of water reduction efforts, and it also enables better matching of targets and measures to local conditions.

Because we are facing a water surplus in other regions of the world, where we need to pump off large quantities of water in order to operate our quarries, it does not make sense to define a general global reduction target for the Group based on quantified water withdrawal rates.



# Building a safe and inclusive future



## Our commitment

## Our Sustainability Commitments 2030

25%

of leadership positions filled by women.



100%

of our sites to have community engagement plans **by 2030**.

-50%  
compared with 2020

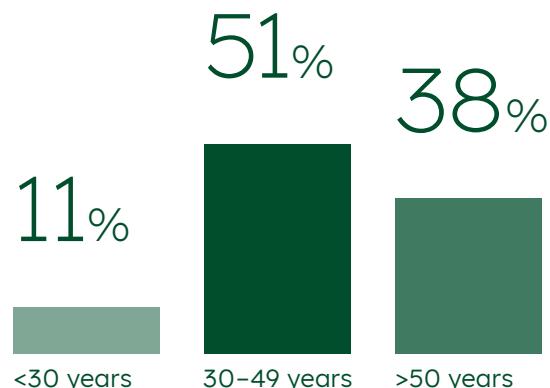
reduction in LTIFR (lost time injury frequency rate) and zero fatalities



day

of paid leave for voluntary community work per year offered to all employees.

## Age structure within the Group



## Female executives

14%

share of female employees

N-1 & N-2 with leadership responsibility

## Training hours



28h  
per employee

- Occupational safety training
- Specialist training
- Other
- Soft skills training
- Management training
- Language courses



# Our employees

## Principles

We are living in a time of change. As one of the leading companies in our sector, we and our employees have the opportunity to drive this transformation in a positive direction every day. Progress and innovation in the areas of sustainability, circularity, and digitalisation are the focus for all of us.

To this end, at Heidelberg Materials we foster a corporate culture that is characterised by mutual respect and trust, creativity, and dedication, as well as sustainable thinking and action. Our diversity, regardless of gender, age, religion, origin, sexual identity, and disability, makes us the company we are today and will continue to play a major role in the future. We are especially proud of the international nature of the workforce at our locations and headquarters, which is made up of local employees and managers from more than 60 countries. Our staff form the foundation of the worldwide success of Heidelberg Materials.

Employee satisfaction and empowerment is a central pillar of the actions we take as a company. Therefore, in addition to fair remuneration and flexible working models, we also count strengthening diversity, cohesion, and individual qualification opportunities among our HR management principles.

Our Leadership Principles prescribe binding rules for personnel management. Respectful behaviour towards co-workers, employee empowerment and development, and a commitment to open dialogue in support of a lived feedback culture are indispensable for us.

## Diversity as a factor for success

Appreciation and mutual respect are very important to us. We consider lived diversity to mean that our employees, with all their diversity, can feel secure and make a contribution. Their different perspectives and backgrounds are an essential building block for shaping our future.

This diversity is also reflected in our presence in international markets, our customer structure, and our business environment. It is therefore of strategic importance that we attract and advance highly qualified and committed employees around the world who can bring various social and professional skills to our company and thus contribute to our business success.

To fully leverage this potential, we promote the development of an inclusive culture at all levels of our organisation. And with clearly defined contact partners at HR, Compliance, the works council, and NOW (Network of Women), our employees can contact us confidentially at any time in the event of discrimination, so that any indications of incidents can be followed up directly and consistently.

By signing up to the [Diversity Charter](#), we have made a public statement of our respect for diversity. Our annual, internal Diversity Week celebrates our cultural diversity and active inclusion at Heidelberg Materials. Activities on the German Diversity Day are intended to further strengthen our focus on diversity.

## Women in leadership positions

As a further step on the path to more equality, Heidelberg Materials aims to achieve a proportion of women in leadership positions of 25% worldwide by 2030 and 27% in the first and second leadership levels in Germany by 2027.

Well-thought-out measures for the recruitment, promotion, and retention of women at Heidelberg Materials – in general and at leadership level – are the cornerstones for further expanding the proportion of female professionals. These include the identification and active promotion of junior female staff, both with internal programmes and through cross-company mentoring in cooperation with other companies from the Rhine-Neckar metropolitan region. Our efforts are supported by awareness-raising measures relating to equity within the company, as well as targeted mentoring and sponsorship by the Managing Board and senior management.

The global NOW (Network of Women), which was founded in 2011, also ensures more internal networking and promotion. In addition to professional development, the principal aim is to increase awareness throughout the company of the changing demands on working and living environments. Through Allies of NOW, male employees can also actively advocate gender equality at Heidelberg Materials.

## Improving work-life balance

In our efforts to attract the best skilled workers, we see it as our duty to take social change into account and encourage a good work-life balance through flexible working time models and mobile forms of work. Because of the small size of our locations, cooperation with external networks has proven itself, for example in terms of children's day care and holiday programmes or caring for family members. Employees benefit from having easy access to a professional and flexible network at reasonable costs. As part of our FIT for FAMILY initiative, we have also entered into cooperation with day-care centers for the location in Heidelberg, Germany. These arrangements mean we have our own quota of places to offer our employees.

## Employee benefits

In addition to development and empowerment, the benefits we offer are also crucial to the successful recruitment and retention of our employees. Attractive remuneration, including regular wage/salary reviews as well as extra Christmas, holiday, and annual payments, contributions to capital formation, and a company pension plan are standard with us. In Germany, we have created a matching model of contributions from the employer and the employees within the framework of the pension scheme. In countries without statutory retirement or health insurance, we support our employees at least in line with local practices.

Our Group is also confronted with the consequences of demographic change; around a third of our employees are over 50 years of age. We are responding to this



### Balancing work and private life

## Job sharing at Heidelberg Materials

Pia Rose and Eylem Vespermann work at the Heidelberg Materials headquarters, where both share the role of Head of Group Financial Planning and Analysis. Pia Rose has been with the company for almost ten years and has worked in various roles, most recently as Group Controller. In 2019, she was promoted to Team Lead for the North America Group area. Eylem Vespermann joined Heidelberg Materials in 2018 as Group Controller. After a few months she became Team Lead for the Western and Southern Europe Group area.

When the position of Head of Group Financial Planning and Analysis became vacant, one of them was just about to go on maternity leave and the other had recently returned from it. A joint application seemed a good way to reconcile the challenges of the new position with family life. They applied and ultimately got the nod. Since then, the two have been working successfully in the new role. Heidelberg Materials drew attention to their model of collaboration in various internal and external communications in 2022 to raise awareness of job sharing as a career option.

trend through active generation management and by offering numerous health management and preventive care measures adapted to regional requirements.

Flexible working time models, a digital workplace, and mobile working have become the norm for us in our commitment to work-life balance. This offering is complemented by virtual workshops and preventive screening, covering many different health topics, as part of our health management activities. The sports groups, courses, and our own gym at our headquarters support mental and physical health. To promote sustainable and flexible mobility, we also subsidise offers such as the JobTicket public transport and JobRad bike leasing schemes.

Through trainee programmes, dual apprenticeship and study partnerships, specialist and managerial development, and professional training, we invest specifically in the best possible qualification of our employees. With our e-campus and the possibility of international work assignments, we can also hold our own in the global labour market.

### **Remuneration policy and working time regulation**

The remuneration systems at Heidelberg Materials are based on performance and results in accordance with the market standards for internationally operating companies in our sector. Alongside fixed remuneration governed by a collective agreement or an individual work contract, our employees also receive variable remuneration elements based on their individual performance and on corporate success. Our CO<sub>2</sub> reduction

targets are consistently anchored in our global remuneration systems as well: the full variable remuneration can only be achieved if both the financial targets and the sustainability target are met. This regulation has applied to all members of the Managing Board and to every bonus-eligible employee worldwide since the start of the 2021 financial year.

We consciously aim to achieve a high variable element as part of the total remuneration of our managers in order to directly reflect the connection between personal performance and corporate success.

Collective regulations apply to more than half of the Group's employees. The employees in our foreign subsidiaries benefit otherwise from attractive remuneration systems that correspond to the respective local market conditions.

Our working time regulations comply with the legal requirements in effect at our respective locations. We promote adherence to these regulations by means of our whistle-blower system, which employees can use to individually report possible violations (passive monitoring). To enable flexible working time options, we offer models such as flexitime, working time accounts, part-time work, and leaves of absence, for example in the form of a sabbatical, to our employees in many countries. Older employees also have the option of switching to partial retirement.

### **Employment and co-determination**

Employee co-determination has always been of great importance to us. Statutory, collective bargaining, and company regulations are implemented jointly in close cooperation with employee representatives. The works council and Group management work together in a spirit of trust.

In accordance with the defined co-determination and participation rights, the relevant committees are informed in good time so that opinions can be obtained, and then agreements are made with them. Heidelberg Materials works consistently and intensively with employee representatives in a spirit of trust. These representatives are involved in numerous committees and are informed at an early stage about operational changes. In the event of a reorganisation or job cuts, we work in close consultation to achieve a socially responsible solution and, for example, initially examine the possibility of transferring employees within the Group. If this is not feasible, we try to cushion the individual impact through retraining, early-retirement schemes, outplacement, and severance payments.

### **Non-financial statement**

## Human resources development

### Talent management

Qualified and motivated employees are an indispensable prerequisite for the success of Heidelberg Materials. Identifying, developing, and – in competition with other companies – retaining their talents are therefore at the core of the Group-wide personnel policy. We are conscious of the fact that strategic apprenticeships and employee training as well as new career paths often play a key role, as our employees are constantly confronted with new innovations, processes, technologies, and increasing competition. This means we want to continuously improve our skills in order to remain relevant and flexible – as a Group and as individual employees.

We use the Heidelberg Materials competence model to do so. It defines the essential professional and personal capabilities and skills that are critical for the success of our business. It thus enables systematic, Group-wide assessments of performance and potential in accordance with standardised regulations and serves as a basis for strategic personnel development and successor planning. Superiors and employees discuss development opportunities and prospects within the framework of structured appraisal interviews. This dialogue helps us to fill key positions worldwide with top-class candidates from within the business, to develop top talent in a targeted way, and to retain our employees for the long term by means of personalised development planning.



### Education and training

## Female driver training in Australia

Our Australian subsidiaries Hanson Australia and Alex Fraser were awarded the Freight Industry Association's Female Leadership Award in 2022 for their Trainee Driver Program for Women.

The programme was launched in 2018 as a practical measure to increase the proportion of women in the companies. It offers women with a car driver's licence the opportunity to take further lessons in order to qualify as fully fledged truck drivers – with the prospect of permanent employment as a tipper or concrete mixer driver.

More than 60 women have already found full-time employment with Hanson Australia or Alex Fraser through the Trainee Driver Program. In addition to increasing the recruitment rate for female professionals, the companies are thus also focusing on the long-term career development of their female employees and on strengthening diversity as part of the corporate culture.

## **Education**

For Heidelberg Materials, forward-looking HR management means consistently investing in training. With an apprentice retention rate of 85% in Germany, steady growth of qualified young talent is guaranteed.

In addition to technical skills for ensuring functionally sound processes, digital competences have also become indispensable. We already cover the technical part with virtual learning platforms and multilingual e-learning courses, specifically developed by the German Cement Works Association (VDZ). A complete educational offering is ensured through additional training covering professional use of programmes for virtual communication and cooperation, how to deal personally with the new work and life situation, and topics of mental health and resilience.

As a manufacturing Group, occupational safety is always a key element of our training and career development programmes. In addition, we focus our efforts on specialist training and the training of our managers. Our training programmes in virtually every work area are characterised by practical and business-oriented learning and enable our employees to develop their skills in the best possible way.

The Cement Academy of the Competence Center Cement (CCC) offers seminars and training sessions around the world for the engineers and technicians at our cement plants, while the Aggregates Academy of the Competence Center Aggregates & Asphalt (CCA) provides apprenticeships and employee training in the aggregates business line. Process simulators and various web-based learning programmes, including the

multilingual Cement Manufacturing Curriculum, on which more than 3,000 employees are enrolled, are regularly used to supplement our classroom courses.

### **Strengthening digital competences**

There is undeniably a need to build and expand digital competences, drive change processes in the context of digital transformation, and further digitalise personnel processes and systems. Our efforts are focused on fundamental digital media skills as well as topics related to specific functions. To increase the transparency of our digital activities for employees, all key global digitalisation projects and the tools used within the Group are explained on a platform to which all employees have access. We used external training databases to also significantly expand e-learning offerings on various digitalisation topics in the past year.

Training on the use of virtual communication and collaboration tools also accounted for a large part of demand in the past year. To meet this demand, we offer both in-house courses and comprehensive digital training and certification from external partners (Microsoft certification tracks).

### **Successor planning**

Securing and developing junior executives is an important pillar of our personnel development strategy. We have intensified our activities aimed at expanding our development programmes and strengthening our recruitment of university graduates worldwide. We offer them extensive, international trainee programmes focusing on the areas of technology, sales, finance, HR, and procurement, as well as interdisciplinary posts.

Through a special programme, we also equip highly qualified engineers in the cement business for senior engineering positions. The participants undergo individually tailored training programmes that allow them to gain the necessary knowledge, skills, and experience to prepare them for the next stage of their career. Spending time at cement plants in different countries is a key element of the programme's success.

Since 2013, Heidelberg Materials has been the proud recipient of the trainee seal of the German initiative for career-enhancing and fair trainee programmes each year for our programmes for the advancement of future executives. As a member of the Fair Company initiative and bearer of the Fair Company seal, we have also been voluntarily committed to the creation of fair and attractive working conditions for trainees and young professionals. [Non-financial statement](#)

# Occupational health and safety

Occupational health and safety is one of the core values of our Group and therefore a fundamental element of our work processes. Our declared aim is to do zero harm. With effective preventive measures, we intend to reduce the risk of accidents and injuries as well as the risk of occupational illness.

The health and well-being of our employees, our contractors, and the people in our local communities are at the heart of our actions. We believe that work-related accidents and occupational diseases, including mental illnesses, are generally preventable and that a safe working environment is also the most successful in the long run. Our principles for protecting our own employees as well as those of companies contracted by us and those of third parties are specified in our Group policy on occupational health and safety.

Although the management of Heidelberg Materials has overall responsibility for ensuring that our working environments are safe, everyone involved also has individual responsibility: employees, contractors, and visitors are required to familiarise themselves with our occupational health and safety measures. They must observe all applicable rules, regulations, and work instructions and wear the personal protective equipment stipulated for the relevant situation. It is therefore also important for us to have a good working relationship with the employee representatives, and this is also laid down in our Group policy on occupational health and safety. They represent over 97% of our employees.

## Occupational safety at our locations

We work hard to minimise and prevent risks for our employees, customers, suppliers, and other third parties. To this end, we carry out regular risk assessments at our locations so that we can evaluate risks and take appropriate protective measures. Based on the results of these risk assessments, we have introduced and continuously updated various Group-wide safety standards in recent years in order to address activities with particularly high risks consistently. These standards are translated into local measures at our locations and, if necessary, supplemented by additional measures. As part of workplace inspections, we check compliance with these internal standards as well as with other legally mandated external requirements. Any shortcomings we identify are rectified as quickly as possible.

All our measures give due consideration not only to our own employees but also to the employees of external companies. They work for us in areas such as production, maintenance and repair, transport, other services, and consulting. We have therefore addressed the issue of contractor safety with a separate Group standard to take account of the particular requirements placed on external companies as well as those that must be met by Heidelberg Materials when engaging external companies.

Transport is another important focus of our work, as traffic accidents have unfortunately repeatedly led to uninvolving third parties sustaining injuries or even losing their lives. We address this issue in training courses for our own drivers and those who drive on our behalf. The driver training courses aim to raise drivers' safety

awareness so that they can identify and reduce potential risks at an early stage. This training in defensive driving is not only theory based; it is also increasingly delivered using driving simulators, at driving safety centers, or through supervised driving. In addition, we are making greater use of technical aids. As well as fitting vehicles with various assistance systems and using such systems, examples of this approach also include checking the roadworthiness of third-party vehicles before loading.

## Improving mental health

In addition to the measures outlined above for the prevention of accidents and standard occupational diseases, various Group countries are also increasingly working with external organisations in order to improve the mental health of employees. The idea is to raise awareness of mental health problems and train employees to recognise warning signs and offer support. The aim of the measures is to dispel prejudices and encourage those affected to talk about their problems and seek help.

In recognition of the sensitivity of the topic and to make it easier for those affected to access appropriate services, many of our subsidiaries offer external support programmes that provide help anonymously and free of charge. Countries in which such programmes are available include Germany, the UK, Belgium, Canada, the USA, and Australia.

## Non-financial statement

# Social responsibility

As a global Group with a strong regional business focus, we operate at many locations across the world. Our production and quarrying sites are generally designed for a service life of several decades. To maintain acceptance of our business activities at the sites over these long periods, we are active in the communities close to our plants and fulfil our corporate social responsibility (CSR). We create jobs and promote local economic development with our wages, investment, purchasing, and taxes, particularly in economically weak regions.

## Social engagement at our locations

We have made a commitment to social responsibility in our Code of Business Conduct. At our locations, we strive for a constructive, trusting, and neighbourly relationship with local residents. We support the social and economic development of our neighbouring communities and foster transparent communication with all stakeholders. We aim to work with local partners to create added value both for our Group and for the local communities. People in the communities where we operate also expect us to contribute to the areas surrounding our production sites by regularly providing information about our business activities and through our commitment to local social, economic, and environmental development. Taking social responsibility and

maintaining good relationships with our stakeholders – particularly at our production sites – are management tasks. The national management team, together with the national CSR manager, is responsible for social engagement in each country. Funding decisions for individual countries are made by the national management teams within their budgetary framework. Together with the location representatives, they are also responsible for analysing local needs and for selecting, implementing, and monitoring projects.

## Involving local communities

We involve local communities in our business activities through various dialogue formats as well as community engagement plans. Among other things, these strategies include long-term partnerships with non-governmental and non-profit organisations. In addition, we keep the local communities and stakeholders informed via newsletters or at open days.

We have also defined clear evaluation criteria to ensure that our activities are both transparent and effective. We support projects, initiatives, and organisations that are active at our locations or to which we have a direct link. We attach great importance to ensuring that the guidelines and principles of these organisations align with our own corporate philosophy.

Our engagement is focused on the following areas:

- Culture: we promote cultural initiatives for all age groups in our local communities.
- Environment: we support initiatives that promote environmental protection and strengthen the diversity of nature at our locations.
- Infrastructure: we provide practical help in the construction of buildings and infrastructure by making products, financial means, and expertise available.
- Education: in this area, we are guided by the specific needs of our locations. We foster potential and encourage initiatives such as education partnerships.

## Focus of our engagement in 2022

At Heidelberg Materials, we stepped up our humanitarian efforts in 2022 in response to the Russia-Ukraine war. The country organisation in Poland, for example, took direct action and made the conference center on site available to host refugees. In addition to numerous other initiatives there, financial aid was provided for Ukrainian students at the University of Opole, a charity run was organised, and deliveries of relief supplies to Ukraine were supported. In Germany, too, one of our buildings was made available to host refugees and a fundraising campaign was organised among employees.

Also in 2022, we extended the scope of our project providing practical training in the construction trade in Togo, which gives young people the opportunity to improve their employment skills and thereby contribute to local economic development in the long term. In this second phase of the project, the training was expanded to include multiple regions and further job profiles, such as electrician and farmer.

We also took further steps to strengthen our management and reporting processes and improve the structure of our social engagement in the various countries. To this end, we have tied our internal reporting more closely to financial reporting. In 2022, we introduced internal reporting of our monetary and material donations across the Group, so that our engagement is now more transparent, measurable, and verifiable.



#### Local engagement

## Environmental education on Safi beach

Our subsidiary Ciments du Maroc has been supporting the “Plages Propres” (clean beaches) programme in the region around the Safi plant on Morocco’s Atlantic coast since 2001. Every summer, our employees work on three beaches as part of the preparation of this campaign, which combines environmental education with leisure activities for children and young people. In 2022, around 8,000 people took part in over 80 events.

The youngsters have the opportunity to participate in sports competitions, creative workshops, and or-

ganised games. The programme also features daily waste collection activities on the beach, using play to introduce the topics of separating and recycling waste – and also highlighting the dangers that plastic waste poses to marine animals.

A young team from across the region plays an active role in preparing and delivering the events. As a result, and with the help of Ciments du Maroc, around 30 jobs for young people are created every summer.



# Responsible procurement



## Suppliers

**120,000**

suppliers and business partners work with us all around the world.

**90%**

of our procurement volume is invested locally – either in the areas immediately surrounding our plants or within the respective country.

## Governance

Our globally applicable **Supplier Code of Conduct**

forms the basis for all contractual relationships.

## Suppliers

## Our commitment

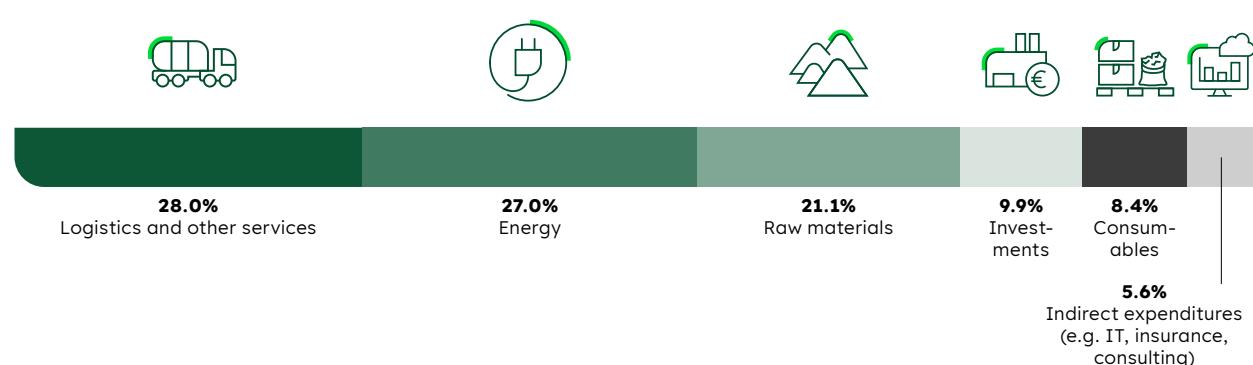
## Our Sustainability Commitments 2030

By **2030**, 80% of our critical supplier spend will be confirmed with a green **ESG rating**.

Heidelberg Materials defines critical suppliers as global suppliers that are crucial for our core business and/or those suppliers that could influence the performance of our supply chains and locations.

**80%**

## Procurement volume



## **Responsible procurement: our commitment to a sustainable supply chain**

Heidelberg Materials currently has more than 120,000 suppliers and business partners from more than 50 countries. Owing to the complexity of global networks and the predominantly local business relationships (about 90% of all expenditure worldwide<sup>1)</sup>), it is extremely important for Heidelberg Materials to ensure that information is exchanged reliably at all levels of their supply chain. Trusting partnerships based on full transparency help us to achieve seamless cooperation and sustainable operational performance.

Responsible sourcing plays a decisive role in meeting our Sustainability Commitments 2030 as well as supporting the UN's Sustainable Development Goals. We are working towards a transparent, sustainable, and forward-looking approach to procuring products and services by going beyond the legal requirements for our business activity. We select and evaluate our suppliers not only on the basis of economic criteria, but also integrate social, ethical, and environmental performance factors into the process. Most importantly, human and labour rights are non-negotiable for us when forming and maintaining a business relationship.

To fully understand and measure our social and ecological footprint across our value chain and improve our sustainability performance, we enforce our Supplier Code of Conduct, which requires suppliers to comply with the principles of the international social accountability standard SA 8000, environmental standard

<sup>1)</sup> This value is based on an analysis in the countries that use our central SAP system and relates to 50 % of the annual global procurement volume.

### **First Movers Coalition**

# **Creating demand for sustainable technologies**

In May 2022, Heidelberg Materials joined the First Movers Coalition, a public-private partnership between the US State Department, the World Economic Forum, and forward-looking companies from various industries. The First Movers Coalition was founded in 2021 as a platform for companies to leverage their reach and create demand to make new, sustainable technologies available and scalable.

As part of its membership, Heidelberg Materials has committed to the sector ambition for trucking, aiming for 30% of the company's purchases of heavy-duty trucks and 100% of our medium-duty truck purchases to be zero-emission vehicles by 2030. Our purpose as part of the First Movers Coalition is to play a tangible role in accelerating the development of new technologies aimed at achieving climate neutrality. As a building materials pro-



**30% of the company's purchases of heavy-duty trucks and 100% of our medium-duty truck purchases to be zero-emission vehicles by 2030**

ducer, Heidelberg Materials has to consider the effects of product transport on its carbon footprint. Our work within the First Movers Coalition is therefore a meaningful extension of our commitment to significantly reduce CO<sub>2</sub> emissions.

ISO 14001, and applicable national and international supply chain laws.

### Our contribution: the Responsible Procurement initiative

In addition to our focus on human rights, our vision for a sustainable supply chain also means that we call upon our suppliers to commit to reducing greenhouse gases. Since the end of 2021, we have been proactively communicating this message in various ways, including at meetings with suppliers and through initiatives such as virtual supplier days on the topic of sustainability. These ambitions, which extend beyond the Supplier Code of Conduct, are also published on the Heidelberg Materials website.

As part of our Responsible Procurement initiative, we have also launched a global risk assessment programme for our supply chain. The aim of this programme is to identify sustainability challenges before they become problems. We work together with proven partners.

IntegrityNext and Avetta are global programme providers with extensive experience in monitoring corporate safety, skills, and social responsibility. They help to review, inform, and support suppliers in complying with the principles of our Supplier Code of Conduct and additional sustainability requirements. This support enables us to reliably assess our suppliers with regard to our sustainable supply chain standards.

We are also implementing numerous other measures in the area of responsible procurement:

- Our SpeakUp compliance hotline can be used by internal and external stakeholders to report any illegal activities or violations of internationally applicable conventions.
- Together with our partners, we are driving innovative CO<sub>2</sub> reduction projects and initiatives (e.g. in cement and clinker production and transport) to address climate change.
- In our cooperation with suppliers, we follow a zero-tolerance policy. This means that we end the contractual relationship if violations are not remedied by appropriate measures.
- We obtain and communicate all legally required data to report on our progress transparently.

### Supplier management

