



Climate Policy

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The Heidelberg Materials Climate Policy refers to our commitment to address climate change and is part of our policy framework. Our policies are binding for Heidelberg Materials AG and all companies that Heidelberg Materials AG directly or indirectly controls.

01. Committing to net-zero emissions by 2050 and a medium-term target by 2030

In line with the UNFCCC Paris Agreement, Heidelberg Materials commits to offer net-zero carbon cement and concrete and aims to achieve net-zero emissions⁰¹ by 2050 at the latest. Our medium-term target, validated by the Science Based Targets initiative (SBTi) under its new 1.5°C framework, is to reduce our specific Scope 1 CO₂ emissions⁰² by 24% and our Scope 2 CO₂ emissions – indirect emissions from purchased energy – by 65% between 2020 and 2030. As part of the SBTi validation, our Scope 3 CO₂ emissions from purchased clinker and cement are to be reduced by 25% by 2030 compared with 2020.

02. Understanding our impact and reporting

At Heidelberg Materials, we track our Scope 1 emissions in detail, since these account for the largest share of our emissions and are, accordingly, where we have the greatest leverage. We also closely monitor our Scope 2 emissions, which account for approximately 5% of our total emissions, and we are currently building a complete picture of our Scope 3 emissions to achieve emission reductions. We report on our CO₂ emissions in accordance with the reporting guidelines of the Global Cement and Concrete Association (GCCA) and the Global Reporting Initiative (GRI). As a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) process, we integrate transparent disclosure on climate change-related risks and opportunities into our corporate annual reporting formats.

03. Embedding our CO₂ ambitions in our corporate strategy and governance

To support the achievement of our targets, we have put in place a robust roadmap process based on country and production site plans with the strong input of our

operational teams. The members of the Managing Board responsible for the respective areas are closely involved in the development of the plans to ensure the highest level of management is engaged in the process.

The plans are reviewed and challenged by a panel of internal stakeholders, including strategy, ESG, and our competence centers. Finally, the roadmaps are presented to the Managing Board for approval. They are reviewed regularly to ensure that the targets are met.

We have also established robust governance structures assigning responsibility and accountability for our climate transition roadmap to our Chief Sustainability Officer, who is a member of the Managing Board. The Chairman of the Managing Board is accountable for our company reaching its targets. Since 2021, a CO₂ component links the reduction of our CO₂ footprint to the remuneration of the Managing Board and all bonus-eligible employees worldwide.

04. Decarbonising our operations

At Heidelberg Materials we aim to continuously reduce our CO₂ footprint along the value chain using all possible levers. Conventional measures, implemented by our operational teams, include improving energy efficiency through the use of alternative raw materials and alternative fuels (most of which contain biogenic fractions) and using supplementary cementitious materials.

Carbon capture utilisation and storage (CCUS) technologies are among the crucial technical solutions required at scale to deal with unavoidable process emissions. Therefore, they are an integral part of our CO₂ roadmap. We have a highly advanced CCUS project portfolio, which we are continuously developing further. To realise an effective value chain, we are also engaged in CO₂ transport and storage infrastructure and CCUS cluster developments.

01 According to SBTi definition

02 Kg of CO₂ per tonne of cementitious material

With regard to electricity generation, we invest directly in renewable energy generation and support external investments through participation in long-term partnership agreements.

05. Decarbonising our products: sustainable products and circularity

Our goal is to close the carbon and materials cycle. Therefore, we are committed to continuously increase our sustainable products offering⁰³, i.e. low-carbon and/or circular products, an essential part of our portfolio.

The use of by-products from other industrial sectors for the production of clinker and cement and the recycling of demolition concrete enables us to produce concrete in a more resource-efficient way and with lower CO₂ emissions. We are therefore increasing our efforts to drive a circular economy and will offer circular alternatives for half of our concrete products by 2030.

We already offer carbon-reduced building products, some with a 70% lower CO₂ footprint. We support mechanisms and initiatives aimed at driving demand for low-carbon and circular products.

06. Leveraging advanced technologies and research & development

Research and development (R&D) is key to achieving our ambitious CO₂ targets. We aim to develop innovative products, new product formulations, and process improvements to lower energy consumption, conserve resources, strengthen the circular economy, and ultimately reduce CO₂ emissions. Our expert teams are developing projects for CCUS, exploring how to raise the proportion of biomass fuels, how to use hydrogen, and how to increase the electrification of our processes; developing innovative recycling technologies that allow waste concrete to be fully reused in fresh concrete, researching processes to incorporate CO₂ in our products, developing composite cements and concretes with less clinker and cement, and improving binders and concretes including 3D concrete printing technology.

07. Cooperating with suppliers

Our Responsible Procurement programme directly engages and incentivises our suppliers to take measures to reduce their carbon emissions, including encouraging them to set science-based targets for CO₂ reduction. Additionally, we aim to constantly increase the number of our suppliers committed to having at least one member of their company's management team appointed with the responsibility for measuring and reducing their carbon footprint.

We regularly share best practices with our suppliers and encourage them to build transparent and forward-looking supply chains. As a key component of our procurement strategy and policy, we strongly communicate our approach to a more sustainable supply chain.

08. Engaging with stakeholders and advocacy

Our direct and indirect advocacy activities at group and national levels are in full alignment with the UNFCCC Paris agreement and support the implementation of our climate roadmap. Heidelberg Materials cooperates proactively with policymakers, associations, communities, sectoral business partners, and other stakeholders to advocate for an effective response to climate change based on sectoral and local action.

A key policy for enabling a net-zero transition is the introduction of a carbon price as a recognised measure to incentivise the necessary investments. We advocate at the global, regional, and national levels for the implementation of carbon pricing mechanisms that, in addition, continue to ensure a level playing field.

In associations and policy initiatives of which we are members, we seek alignment with the goals of the UNFCCC Paris Agreement and regularly review our memberships in this context. We have committed to publishing an annual review of major trade organisations to verify that there are no major misalignments.

We also advocate for the uptake of CCUS technologies, and for the creation of lead markets for low-carbon and circular products and renewable energies.

