Heidelberg Materials

Annual and Sustainability Report 2024

Our year 2024

Revenue −0.1%

€ 21.2 bn

RCO +6.0%

€ 3.2 bn

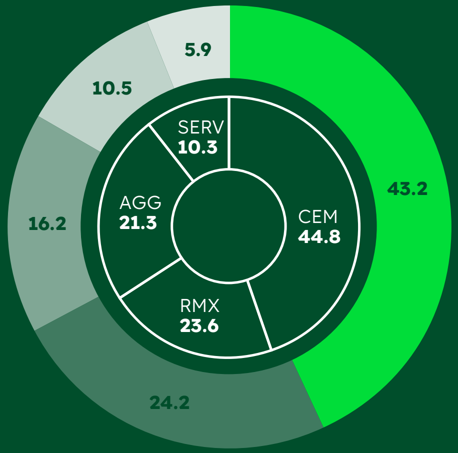
Earnings per share −€0.56

€ 9.87

ROIC −0.4 percentage points

9.9 %

Revenue by Group areas and business lines



in %

- Europe
- North America
- Asia-Pacific
- Africa-Mediterranean-Western Asia
- Group Services

CEM Cement
RMX Ready-mixed concrete-asphalt
AGG Aggregates
SERV Service-joint ventures-other

Outlook 2025

Result from current operations (RCO)

↑ € 3.25 – 3.55 bn

ROIC

~ 10 %

CO_2 emissions

↓ slight reduction

CO_2 emissions −1.3%

↓ 527 kg

specific net CO_2 emissions per tonne of cementitious material (Scope 1)

Share of revenue from sustainable products +3.8 percentage points

43 %

share of revenue from sustainable products

Employees −305 FTE

50,692

employees at around 3,000 locations in almost 50 countries at the end of 2024

Contents

To our stakeholders

Heidelberg,
21 March 2025

Dear Shareholders, Dear Readers,

The year 2024 was yet another turbulent year – both politically and economically. Despite these challenging times, we continue to drive forward our ambitious transformation and maintain our growth trajectory. Once again, we are pleased to report very good company results for Heidelberg Materials in the past financial year.

We increased our operating result by 6% to €3.2 billion and kept our return on invested capital (ROIC) constant at almost 10%. We further expanded our presence in several important growth markets. Thanks to our broad geographical positioning, combined with active cost and price management, we were able to more than compensate for the decline in demand for our building materials in individual regions.

Our transformation reaches a critical stage

I am particularly proud that we have again achieved important milestones on our transformation path in the past year. With the mechanical completion of our flagship project in Brevik, Norway, we have paved the way for the commissioning of the world's first industrial-scale carbon capture and storage (CCS) facility at a cement plant. We will very soon be in a position to deliver evoZero® carbon captured cement with a net-zero footprint to our customers in Europe later this year. This makes us the first company in the world to prove that this widely used building material can be completely decarbonised.

We consider CCUS an important tool for achieving net-zero emissions, but it is only part of the solution. We also place a strong focus on more conventional CO_2 reduction measures. In Ghana, the world's largest calcined clay plant with a capacity of more than 400,000 tonnes a year will shortly go into operation. Calcined clay enables extensive substitution of CO_2-intensive clinker in cement. We have converted our plant in Speed, Indiana, USA to the production

Dr Dominik von Achten
Chairman of the Managing Board

“We strive for both making cement more sustainable and continuing to grow profitably in the long term. In 2024, we successfully maintained this trajectory.”

of slag cement from domestically sourced slag granules. Using slag cement in concrete production can cut CO_2 emissions significantly.

We are also reducing our carbon footprint in production through ongoing modernisation efforts at our plants. At the Edmonton cement plant in Alberta, Canada, we now achieve an alternative fuel rate of 50%. In Egypt, we commissioned our own plant for generating electricity from waste heat in 2024, which will meet about 15% of the electricity demand of our plants in Egypt with green electricity in the future.

In addition to these activities, we are doing everything we can to recycle our valuable resources as efficiently as possible and close the loop. In July, we commissioned an innovative recycling plant for selective separation at our production site near Katowice in Poland. The first-of-its-kind facility features a proprietary crushing mechanism to fully recycle demolition concrete, thereby helping to replace virgin materials in concrete production.

Overall, we were able to reduce specific net CO_2 emissions to 527 kg per tonne of cementitious material in the past financial year. We intend to build on these achievements.

Significant progress in our portfolio optimisation

We strive for both making cement more sustainable and continuing to grow profitably in the long term. In 2024, we successfully maintained this trajectory and strengthened our presence in core markets through groundbreaking acquisitions.

In North America and Asia-Pacific in particular, we made several acquisitions that strike an excellent balance between growth and sustainability. With Highway Materials, we have acquired one of the largest independent suppliers of aggregates, asphalt, and recycled materials in the Greater Philadelphia market. The acquisition of ACE Group, the largest supplier of pulverised fly ash in Malaysia, has strengthened our presence in the growth market there while allowing us to meet the rising demand for fly ash in order to reduce the CO_2 intensity of cement.

Accelerating transformation with discipline and innovation

We further reduced our costs, advanced our transformational digital agenda, and expanded our sustainable financing portfolio to ensure we can continue our transformation towards sustainable products and profitable growth even in a dynamic market environment.

In November, we announced the “Transformation Accelerator” initiative. This is focused on optimisation of the production network, cross-functional efficiency enhancements, and the implementation of technical measures on a global level. We are placing particular emphasis on optimising the clinker and cement network in Western Europe. For example, we ceased clinker production at our cement plants in Hanover and Añorga, Spain, in the reporting year and converted the facilities to grinding plants. Overall, the initiative is expected to achieve an annual gross contribution to results of €500 million by the end of 2026.

Digitalisation is becoming an increasingly important driver of transformation and innovation for our business. Together with our participations Command Alkon and Giatec Scientific, we are building the leading digital ecosystem for the aggregates, concrete, and asphalt industries. By means of this ecosystem, we are increasing the efficiency of our business processes, boosting margins with the help of artificial intelligence, and reducing CO_2 emissions.

The digital future of our industry lies in the cloud. Together with Command Alkon, we are redefining the core processes of our industry and making them accessible on a cloud-based platform. An integrated one-stop solution ensures that the applications are easy to use and generate measurable added value. For example, Command Alkon’s Material Supply application reduces administrative and logistics costs by automating raw materials ordering processes. Giatec’s SmartMix AI solution, which is integrated into the platform, reduces material costs and CO_2 emissions in the production of ready-mixed concrete. The AI model used for this purpose was trained on more than 180,000 of our concrete formulations. Further innovations that address the specific needs of the industry along the value chain will be launched on the market in the course of this year.

Autonomous technology also has a role to play in the future of our industry. In the initial stage of our cooperation with Pronto, a leading innovator in autonomous haulage systems, we will convert over 100 haul trucks to autonomous operation at more than a dozen sites worldwide. Pronto’s scalable solution leverages advanced sensors, cameras, and artificial intelligence to retrofit existing transport vehicles and operate them autonomously in complex and dynamic environments.

“Our position as a company is clear: we want this transformation to succeed and are shaping it with full conviction.”

We also added two green bonds with a cumulative issue volume of €1.2 billion to our sustainable financing portfolio in the reporting year. The projects financed with green bonds range from the modernisation of plants (for example to increase the use of alternative fuels) to the expansion of carbon capture technologies.

Tackling opportunities and challenges together

2025 will be a landmark year for Heidelberg Materials. We still face major challenges due to continued fluctuations in the construction economy, military conflict, and political upheaval. However, I firmly believe that such changes always create opportunities.

All of us – within politics, business, and society – have a shared responsibility to address these challenges. Especially in Europe and Germany, we now have to ask ourselves the question: do we have the determination to drive the transition to an innovation-friendly, competitive, and sustainable region?

Our position as a company is clear: we want this transformation to succeed and are shaping it with full conviction. However, close cooperation with policymakers is crucial, and greater pragmatism is required. The focus must be on competitiveness, legal certainty regarding the technologies and infrastructures of the future, and the removal of burdensome bureaucracy. Not to mention the development of incentives for the necessary shift to sustainable products.

We remain optimistic at Heidelberg Materials because the progress is evident today. We already generate far more than a third of our revenue in the cement business line with sustainable products. Our admission to the Dow Jones Sustainability Index Europe, one of the world’s premier ESG benchmarks, underlines the successful implementation of our ESG agenda. We will present our new strategy in late May, outlining our targets for 2030 and the measures required to achieve them. For us, profitable growth and sustainable development always go hand in hand.

It is important to us that our shareholders also participate in this success. In line with our progressive dividend policy, we will be proposing to the Annual General Meeting the distribution of a dividend of €3.30 per share, which corresponds to an increase of 10%. In addition, we have launched a second share buyback programme with a volume of up to €1.2 billion. The first of three tranches has already ended and the 3.6 million shares acquired were cancelled on 27 February 2025.

It is in no small part thanks to you, our shareholders, that we can make great strides in our transformation, even in these turbulent times. I would like to thank you for your trust and invite you to join us on an exciting journey into the future – in which we at Heidelberg Materials are making a clear difference in our industry.

Yours sincerely,

Dr Dominik von Achten

Chairman of the Managing Board

Heidelberg Materials’ Managing Board

Dr Dominik von Achten
Chairman of the Managing Board

Member of the Managing Board since: 2007
Appointed until: January 2028
Nationality: German
Year of birth: 1965
More information

René Aldach
Chief Financial Officer & Australia

Member of the Managing Board since: 2021
Appointed until: August 2029
Nationality: German
Year of birth: 1979
More information

Dr Katharina Beumelburg
Chief Sustainability & New Technologies Officer

Member of the Managing Board since: October 2024
Appointed until: September 2027
Nationality: German
Year of birth: 1976
More information

Roberto Callieri
Asia

Member of the Managing Board since: January 2024
Appointed until: December 2026
Nationality: Italian
Year of birth: 1963
More information

Axel Conrads
Chief Technical Officer

Member of the Managing Board since: February 2024
Appointed until: January 2027
Nationality: German
Year of birth: 1975
More information

Hakan Gurdal
Africa-Mediterranean-Western Asia

Member of the Managing Board since: 2016
Appointed until: January 2029
Nationality: Turkish
Year of birth: 1968
More information

Dennis Lentz
Chief Digital Officer

Member of the Managing Board since: 2021
Appointed until: August 2029
Nationality: German
Year of birth: 1982
More information

Jon Morrish
Europe

Member of the Managing Board since: 2016
Appointed until: January 2029
Nationality: British
Year of birth: 1970
More information

Chris Ward
North America

Member of the Managing Board since: 2019
Appointed until: August 2028
Nationality: US American
Year of birth: 1972
More information

Report of the Supervisory Board

Dr Bernd Scheifele
Chairman of the Supervisory Board

Heidelberg,
24 March 2025

Dear Shareholders,

In the past reporting year, the Supervisory Board continued to closely monitor and support the management of Heidelberg Materials and engage intensively with the Group's economic and strategic activities. Heidelberg Materials was again able to hold its own in a dynamic market environment, maintain its consistent growth trajectory, and make significant progress in implementing its sustainability agenda. The Supervisory Board paid particular attention to the acceleration of the Group's transformation, which reached a decisive phase in the past reporting year.

With the mechanical completion of the carbon capture project in Brevik, Norway, at the end of 2024, an important milestone towards achieving the Group's CO_2 reduction targets was reached on schedule. As the first project of its kind in the cement sector, Brevik is an invaluable blueprint for follow-up initiatives and will enable Heidelberg Materials to deliver cement produced using carbon capture and storage technology (CCS cement) to customers in Europe as early as 2025. In addition, Heidelberg Materials continues to expand its portfolio of carbon-reduced and circular products.

The Group also made attractive acquisitions in the North America and Asia-Pacific Group areas, among others, which will strengthen its position in the respective markets. In the past financial year, Heidelberg Materials attached great importance to improving efficiency in its plants and leveraging synergies more effectively.

The Supervisory Board will continue to advise the Managing Board on the Group's transformation and growth.

Consultation and monitoring

The Supervisory Board continued to closely monitor and support the Group's development during the past financial year and discuss it with the Managing Board at the ordinary and extraordinary meetings of the plenary session and its committees as well as outside the scheduled meetings. It also received regular, timely, and comprehensive reports, both in writing and verbally, about all matters of relevance to the Group, particularly in relation to business policy, strategy and planning, the progress of businesses, the financial situation, the risk situation and risk management, compliance, innovations, and sustainability. The Supervisory Board reviewed, discussed, and analysed the Managing Board's reports in detail. The Managing Board agreed on the Group's strategy with the Supervisory Board. Deviations of the actual business development from the plans were explained in detail by the Managing Board.

The Supervisory Board was directly involved at an early stage in all decisions of fundamental importance to the Group. A catalogue drawn up by the Supervisory Board, which is reviewed regularly and adjusted as necessary, outlines transactions and measures of fundamental importance that require the consent of the Supervisory Board. In the reporting year, the Supervisory Board took decisions on the transactions and measures submitted by the Managing Board that required its approval, having first reviewed them and discussed them with the Managing

Board. In particular, investment projects and financing matters requiring authorisation were explained in detail by the Managing Board and discussed before decisions were made. In addition, the Supervisory Board has satisfied itself that the Managing Board has installed an internal control and risk management system appropriate to the business activities and risk situation of the Group, as well as a functioning monitoring system that is effective and capable of recognising at an early stage any developments that could jeopardise the company as a going concern. With regard to the accounting-related internal control system and the early risk detection system, the Supervisory Board also had this confirmed by the auditor. Furthermore, it has satisfied itself of the effectiveness of the compliance management system, which guarantees Group-wide compliance with the law, legality, and internal guidelines. In the relevant meetings, the responsible line managers of the Group below Managing Board level were available together with members of the Managing Board to provide information to the Audit Committee and to answer questions. The Chairman of the Supervisory Board and the Chairman of the Audit Committee also discussed topics relating to the audit with the auditor outside the scheduled meetings and without the participation of the Managing Board. In addition, the Chairman of the Supervisory Board was in regular and ad hoc contact with the Chairman of the Managing Board outside the scheduled meetings.

During the reporting year, the Chairman of the Supervisory Board was once again prepared to receive and consider suggestions from investors on topics specific to the Supervisory Board. In March 2024, the Chairman of the Supervisory Board expanded this exchange in part together with the Chairman of the Audit Committee and held talks with investors as part of a governance roadshow. In the physical and virtual meetings with international shareholders from London, Frankfurt, and the USA, governance-specific topics were discussed, in particular the tasks, work, and composition of the Supervisory Board as well as the 2024+ Remuneration System for the Managing Board.

Overall, the Supervisory Board continuously and thoroughly monitored the work of the Managing Board and provided it with advice, particularly with regard to the Group's management, alignment and implementation of strategy, and development. In doing so, it assessed the Managing Board's management of the Group in terms of its lawfulness, propriety, expediency, and operating efficiency. The Managing Board and Supervisory Board worked together in a spirit of mutual trust for the benefit of the Group and maintained an open and intensive dialogue. In summary, it can be said that the Supervisory Board has again duly and diligently fulfilled the duties incumbent upon it under the law, the Articles of Association, the Rules of Procedure, and the German Corporate Governance Code (with the exception of any declared deviations) in the 2024 financial year.

During the reporting year, the plenary session of the Supervisory Board convened at seven ordinary meetings (30 January, 20 March, 16 May before the Annual General Meeting, 16 May after the Annual General Meeting, 15 and 16 September, 18 November) and two extraordinary meetings (29 May and 20 June). The number and format of Supervisory Board meetings and committee meetings in the reporting year are shown in the following overview.

Number and type of Supervisory Board and committee meetings

	Type of meeting		
	In person	Conference call and/or video-conference	Total number of meetings
Plenary session of the Supervisory Board	5	4	9
Sustainability and Innovation Committee	2	0	2
Nomination Committee	1	0	1
Personnel Committee	3	0	3
Audit Committee	2	4	6
Mediation Committee	0	0	0

The participation rate of all members of the Supervisory Board at the nine plenary sessions of the Supervisory Board in the 2024 reporting year was 96.30%. The participation rate at all the committee meetings held in the reporting year was 98.78%.

Participation of the members of the Supervisory Board at the plenary sessions and committee meetings

	Plenary		Audit Committee	Personnel Committee	Sustainability and Innovation Committee	Nomination Committee	Mediation Committee	Total	
Supervisory Board member	Participation/ Number	Rate	Participation/ Number	Participation/ Number	Participation/ Number	Participation/ Number	Participation/ Number	Participation/ Number	Rate
Dr Bernd Scheifele[1], Chairman of the Supervisory Board	9/9	100%	3/3	3/3	–	–	0/0	15/15	100%
Heinz Schmitt[2], Deputy Chairman of the Supervisory Board (until 16 May 2024)	3/3	100%	3/3	2/2	–	–	–	8/8	100%
Barbara Breuninger[2]	9/9	100%	6/6	–	1/1	–	–	16/16	100%
Gunnar Groebler[1] (since 16 May 2024)	5/6	83.33%	–	–	1/1	–	–	6/7	85.71%
Birgit Jochens[2] (until 16 May 2024)	3/3	100%	–	2/2	–	–	–	5/5	100%
Katja Karcher[2] (since 16 May 2024)	6/6	100%	–	1/1	1/1	–	–	8/8	100%
Ludwig Merckle[1]	9/9	100%	6/6	3/3	2/2	1/1	–	21/21	100%
Luka Mucic[1]	7/9	77.77%	6/6	3/3	–	–	–	16/18	88.88%
Markus Oleynik[2] (since 16 May 2024)	6/6	100%	–	1/1	1/1	–	–	8/8	100%
Dr Ines Ploss[2] (until 31 October 2024)	8/8	100%	–	2/2	1/1	–	–	11/11	100%
Peter Riedel[2]	9/9	100%	6/6	1/1	1/1	–	–	17/17	100%
Werner Schraeder[2], Deputy Chairman of the Supervisory Board (since 16 May 2024)	9/9	100%	6/6	3/3	1/1	–	0/0	19/19	100%
Margret Suckale[1]	9/9	100%	6/6	3/3	–	1/1	0/0	19/19	100%
Dr Sopna Sury[1]	8/9	88.88%	–	1/1	2/2	–	–	11/12	91.6%
Anna Toborek-Kacar[2] (since 1 November 2024)	1/1	100%	–	–	–	–	0/0	1/1	100%
Prof. Dr Marion Weissenberger-Eibl[1] (until 16 May 2024)	3/3	100%	–	–	1/1	0/1	–	4/5	80%
Total	104/108	96.30%	100%	100%	100%	66.67%	0/0	185/190	97.37%

1) Shareholder representative
2) Employee representative

Members of the Supervisory Board and its committees are listed in the **Corporate Governance statement chapter**.

Separate preliminary meetings of the employee representatives were held in connection with the Supervisory Board meetings. In the reporting year, the members of the Managing Board generally attended the meetings of the Supervisory Board, although the Supervisory Board also met regularly and on an ad hoc basis without the Managing Board to discuss certain agenda items and topics.

Topics of discussion in the meetings of the Supervisory Board and its committees

The **plenary sessions** in the first half of 2024 dealt with, among other things, the discussion, auditing, and approval of the 2023 annual financial statements and consolidated financial statements, including the non-financial statement and the dividend proposal to the Annual General Meeting, the preparation of the 2023 remuneration report, the approval of the 2024 operating plan, and preparations for the 2024 Annual General Meeting, at which the authorisation in the Articles of Association to convene a virtual Annual General Meeting was exercised for the first time. At the constituent meeting following the Annual General Meeting, the Supervisory Board re-elected Dr Bernd Scheifele as Chairman of the Supervisory Board and elected Werner Schraeder as Deputy Chairman. In addition, the Supervisory Board committees were reformed and their positions refilled, not least in order to meet the requirements of institutional shareholders and proxy advisors regarding the independence of shareholder representatives on the committees, which requirements are in some cases stricter than those laid down by law and the German Corporate Governance Code. In the reporting year, the Supervisory Board and its committees also dealt with other corporate governance issues and the Managing Board's regular reports on the business development. The Supervisory Board revised its Rules of Procedure and updated the qualification matrix on the status of implementation of the fulfilment of the profile of skills for the Supervisory Board on the basis of a self-assessment by the individual Supervisory Board members.

On 1 January 2024, the 2024+ Managing Board remuneration system developed by the Supervisory Board and approved by the Annual General Meeting came into force. In the fourth quarter of 2024, the Supervisory Board adjusted the peer group relevant for measuring the relative total shareholder return (TSR), as a company in the group was delisted from the stock exchange. In addition, the Supervisory Board commissioned the auditor to perform a material audit of the 2024 remuneration report.

In the second half of 2024, the Supervisory Board focused in particular on the Group's future positioning in the Europe, Africa-Mediterranean-Western Asia, and Asia-Pacific Group areas. In addition, it addressed Heidelberg Materials' business activities in emerging countries and the associated risks and rewards. In this context, geopolitical issues were also the focus of the Supervisory Board's discussions.

During this reporting year, the Supervisory Board continued to place particular emphasis on closely accompanying and supporting the Managing Board on ESG (environmental, social, governance) and digitalisation matters, and especially in the further development and implementation of the sustainability and digital transformation strategy. It covered actions to reduce CO_2 emissions even further and, in this context, looked at new technologies for carbon-reduced products as well as measures to improve the carbon footprint of emission-intensive plants. The Supervisory Board's agenda in the reporting year also included the expected implementation of the EU's Corporate Sustainability Reporting Directive (CSRD) and the associated double materiality analysis. Furthermore, the Supervisory Board discussed the Group's strategy with regard to digital partnerships. In the reporting year, the Supervisory Board additionally dealt with the preparation of a roadmap for the specific application of artificial intelligence in the Group to increase efficiency. The Supervisory Board therefore continues to focus on the topics of sustainability and digitalisation in its monitoring and advisory activities.

At several meetings, the Supervisory Board also discussed with the Managing Board the major investments, divestments, and portfolio optimisations that affect the strategic targets of Heidelberg Materials and could lead to an improvement of the balance sheet structure. In addition, the Supervisory Board approved the launch of a new share buyback programme with a total volume of up to €1.2 billion (excluding incidental acquisition costs), divided into three tranches, and a total term no later than the end of 2026, on the basis of the authorisation granted by the Annual General Meeting on 11 May 2023. The share buyback programme is in line with the Group's financial policy and may be seen in the context of its successful reduction of net debt, good business performance in the previous financial year, and the participation of shareholders in the Group's success. In addition, the cancellation of treasury shares from the third tranche of the 2021–2023 share buyback programme was also discussed by the Supervisory Board. Furthermore, the Supervisory Board handled the arrangement of bilateral credit lines to secure short-term liquidity.

The Supervisory Board's work also focused on the 2024 annual bonus plan prepared by the Personnel Committee, the long-term bonus plan for 2024 to 2026, the target achievement of the 2023 annual bonus, the target achievement of the capital market component from the long-term bonus for 2020 to 2022/23 and the management component from the long-term bonus for 2021 to 2023/24, and matters relating to the Managing Board.

In the reporting year, the **Audit Committee** engaged extensively with the further development of the Group's corporate governance, risk management, and internal control system, including the effectiveness of the compliance management system. The Audit Committee dealt regularly and intensively with compliance issues in particular. The Director Group Legal & Compliance regularly reported to the committee on his activities and on the status of the compliance management system and its further development. He was also in direct contact with the Chairman of the Audit Committee in the reporting year. The members of the Audit Committee also received reports from the Director Group Treasury, Insurance & Corporate Risk on the risk management system and from the Director Group Internal Audit on the internal control system. In addition to the reports regarding Group Internal Audit, risk management, and compliance, meetings of the Audit Committee dealt with the 2023 annual financial statements and consolidated financial statements, including the non-financial statement, as well as the points of focus for the audit, the half-year financial report, and quarterly statements for the 2024 financial year. After convincing itself of the auditor's independence and evaluating the quality of the audit, the Audit Committee prepared the Supervisory Board's proposal to the 2024 Annual General Meeting for the appointment of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) as the auditor and Group auditor and – after the Annual General Meeting followed this proposal – issued the audit assignment to PwC. In this context, it defined the points of focus for the 2024 audit. During the reporting year, the Audit Committee amended its guidelines on the approval process for non-audit services by the auditor with the aim of further reducing these. It also monitored the development of the non-audit services by the auditor and received reports from the Managing Board on the nature and scope of the non-audit services performed by the auditor.

The Audit Committee discussed the roadmap to sustainable financing, in particular refinancing through sustainability-linked bonds. Heidelberg Materials is ideally prepared to secure financing for its business transactions in the short, medium, and long term with its existing debt instruments. The Supervisory Board acknowledged that the maturity profile of the liabilities shows its usual balanced structure.

The Audit Committee continued to focus on the topic of IT security in this reporting year. Furthermore, it again looked at the use of inventory management systems in the individual countries and their standardisation.

The Chairman of the Audit Committee is Luka Mucic. Mr Mucic, like Audit Committee member Ludwig Merckle, is regarded as a financial expert pursuant to section 100(5) of the German Stock Corporation Act (Aktiengesetz, AktG). The Supervisory Board is of the opinion that both Mr Mucic and Mr Merckle have expertise in the areas of accounting and auditing, including sustainability reporting and the auditing thereof. For more information, see the **Corporate Governance statement chapter**.

In the reporting year, the **Personnel Committee** focused on the preliminary discussion and recommendation to the Supervisory Board regarding the determination of the variable Managing Board remuneration for the 2023 financial year and on the definition of the parameters for the variable Managing Board remuneration in 2024 and in the years from 2024 to 2026/27. Furthermore, the Personnel Committee conducted the pre-audit of the 2023 remuneration report and prepared the related decision of the plenary session of the Supervisory Board. During the reporting year, the Personnel Committee also dealt intensively with matters relating to the Managing Board, especially new appointments and reappointments of members of the Managing Board, and prepared the decisions of the Supervisory Board in this regard. Details are explained in the **Personnel matters section**. Finally, the Personnel Committee assured itself that all members of the Managing Board have carried out the required individual investment in Heidelberg Materials shares as part of the Managing Board remuneration system.

The **Sustainability and Innovation Committee** focused intensively on the CO_2 roadmap and measures to improve the carbon footprint of the most emission-intensive plants. It also discussed new technologies for carbon-reduced products and the market launch of evoZero, the world's first CCS cement based on carbon capture and storage technology. Another focus of the committee's discussions included the trend in absolute CO_2 emissions (Scope 1, Scope 2, and Scope 3) and relevant ESG rankings.

The **Nomination Committee** considered the upcoming regular elections of all shareholder representatives to be held at the Annual General Meeting on 16 May 2024. To this end, the committee began by drawing up profiles of requirements for the successors and new appointees based on the profile of skills and the targets for the composition of the Supervisory Board. It then proposed the candidates to the Supervisory Board for the elections of shareholder representatives by the 2024 Annual General Meeting.

The **Mediation Committee**, formed in accordance with section 27(3) of the German Co-Determination Law (MitbestG), did not need to meet in the reporting year.

The results of the committees' meetings were reported at the subsequent plenary sessions.

During the reporting year, there were no potential conflicts of interest of any Managing Board or Supervisory Board member that would have had to be disclosed to the Supervisory Board without undue delay. There were also no consulting or other contracts for services or work between any member of the Supervisory Board and the Group in the reporting year.

In the reporting period, there were no related party transactions requiring disclosure within the meaning of sections 111a(1)(2) and 111b(1) of the AktG.

Every two years, the Supervisory Board carries out a regular self-assessment of the effectiveness of the work of the Supervisory Board and its committees, as required by the German Corporate Governance Code. The last such self-assessment took place in the second half of 2023. To avoid repetition, details are included in the **Corporate Governance statement chapter**.

Corporate Governance

The declaration of compliance in the reporting year was submitted by the Managing Board on 25 January 2024 and by the Supervisory Board on 30 January 2024. The declaration of compliance for the current financial year was submitted by the Managing Board on 17 January 2025 and by the Supervisory Board on 29 January 2025. The complete text can be found in the **Declaration of compliance section** pursuant to section 161 of the AktG in the **Corporate Governance statement chapter**. The current declaration of compliance is made permanently available on the company's **website**.

With regard to its composition and that of the Managing Board, the Supervisory Board thoroughly complies with the requirements of the German Corporate Governance Code regarding the principles of diversity when appointing corporate bodies and leadership positions within the Group and of section 289f(2)(6) of the German Commercial Code (Handelsgesetzbuch, HGB) (diversity concept). Regarding its own composition, it implements the diversity targets stated in the code and the profile of skills for the Supervisory Board adopted on 23 March 2022. Detailed information on this topic can be found in the **Corporate Governance statement chapter**.

On 18 March 2020, the Supervisory Board resolved to set the target figure for the proportion of women on the Managing Board to at least one woman for the period from 1 July 2020 to 30 June 2025. With Dr Nicola Kimm as a member of the Managing Board from 1 September 2021 until 31 August 2024, succeeded by Dr Katharina Beumelburg on 1 October 2024, this target was achieved ahead of schedule. The Supervisory Board also welcomes and supports the Managing Board's target of further increasing the proportion of women in management positions in the first and second leadership levels below the Managing Board. For details, please refer to the **Corporate Governance statement chapter**.

With regard to the remuneration for the members of the Managing Board for the 2024 financial year, specifics are included in the **Remuneration report chapter** to avoid repetition. A description of the 2024+ Managing Board remuneration system approved by the 2024 Annual General Meeting and applicable from 1 January 2024, can also be found there. Having been commissioned to do so by the company's Supervisory Board, the auditor also carried out the voluntary audit of the correctness of the content of the 2024 remuneration report and issued an unqualified audit opinion. The Supervisory Board also examined the remuneration report on this basis and approved it together with the Managing Board. The 2024 remuneration report will be submitted to the 2025 Annual General Meeting for approval and will be available on the company's **website** for ten years.

The members of the Supervisory Board are themselves responsible for obtaining the training required for their tasks and are supported by the company in this respect. The company also offers specific training sessions – sometimes with external support – for members of the Supervisory Board, most recently in November 2024. These training courses cover topics that are particularly relevant to the Group and the work of the Supervisory Board – for example, with regard to legal changes, the EU taxonomy, the selection of suitable investment projects, and, most recently, the new sustainability reporting requirements under the CSRD.

In addition, the Managing Board reports on corporate governance at Heidelberg Materials, including on behalf of the Supervisory Board, in the **Corporate Governance statement chapter**.

With all of the above statements, the Supervisory Board reaffirms its commitment to effective corporate governance in the Group.

Auditing and approval of annual financial statements, consolidated financial statements, and non-financial statement

Before the contract for the auditing of the annual financial statements of the company and the consolidated financial statements of the Group was awarded, the points of focus for the audit and the content of the audit were discussed with the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main. The Audit Committee discussed the costs of the audit and, with the auditor, the assessment of audit risk, the audit strategy, audit planning, and the audit results. The Chairman of the Audit Committee and the auditor regularly exchanged information on the progress of the audit, after which the Chairman reported to the committee.

In January 2025, the Managing Board informed the Supervisory Board about the preliminary, unaudited key figures for the 2024 financial year and provided a status report on the financial statements work. The annual financial statements of Heidelberg Materials AG, the consolidated financial statements as at 31 December 2024, and the combined management report for the company and the Group, as prepared by the Managing Board, were examined by the auditor. In addition, the auditor performed a limited assurance engagement on the non-financial statement (sections 289b and 315b of the HGB) contained in the combined management report on behalf of the Supervisory Board. In this respect, the Supervisory Board exercised the legal right to commission an external review of the content of the non-financial statement. The financial statements documents together with the reading copies of the auditors' reports were sent in advance to the members of the Supervisory Board. At first, the Audit Committee dealt intensively with the financial statements documents, including the combined management report and the non-financial statement, in the presence of the auditor. The auditor reported on the main results of its audit. In addition, the Audit Committee had the auditor report on the effectiveness of the internal control and early risk identification system in relation to accounting, whereby the auditor stated that it had not found any significant weaknesses in this regard. Against this background and after its own consideration, the Audit Committee determined that the internal control system, the internal audit system, and the risk management system, including the early risk identification system, meet the requirements placed on them. The Supervisory Board shares the opinion of the Audit Committee on the effectiveness of these systems. Then, the Supervisory Board discussed the financial statements documents, including the combined management report and the non-financial statement, in detail at the accounts meeting on 24 March 2025, once again in the presence of the auditor. The Audit Committee and the Supervisory Board also held related discussions without the participation of the Managing Board. The Supervisory Board approved the audit results. It examined the annual financial statements and consolidated financial statements, the combined management report, including the non-financial statement, and the Managing Board's proposal for the use of the balance sheet profit. The results of the pre-audit conducted by the Audit Committee and the results of its own audit correspond fully to the results of the auditor. Following the final results of this audit, the Supervisory Board also raised no objections. The auditor issued an unqualified audit opinion on the annual financial statements of Heidelberg Materials AG and the consolidated financial statements as at 31 December 2024 as well as on the combined management report of Heidelberg Materials AG and the Group.

The Supervisory Board approved the Managing Board's proposal for the use of the balance sheet profit, including the payout of a dividend of €3.30 per share (previous year: €3.00).

Personnel matters and notes of thanks

Axel Conrads assumed the new role of Chief Technical Officer on 1 February 2024. He is responsible for all three global technical Competence Centers: Cement (CCC), Aggregates & Asphalt (CCA), and Readymix (CCR). The Supervisory Board has appointed Mr Conrads to the Managing Board until 31 January 2027. In addition, Roberto Callieri assumed responsibility for Asia within the Asia-Pacific Group area on 1 January 2024. The Supervisory Board has appointed Mr Callieri to the Managing Board until 31 December 2026. He succeeds Kevin Gluskie, whose term on the Managing Board expired as scheduled at the end of January 2024. The Supervisory Board would like to thank Kevin Gluskie for his commitment and successful work on the Managing Board over many years. In March 2024, the Supervisory Board extended the mandate of the Chairman of the Managing Board Dr Dominik von Achten, which was due to expire at the end of January 2025, by three years until 31 January 2028. The Supervisory Board also dealt with the successor planning for Dr Nicola Kimm, who left the Group on 31 August 2024 after completing her three-year term of office. The Supervisory Board appointed Dr Katharina Beumelburg as her successor for a three-year term with effect from 1 October 2024 as a new member of the Managing Board and Chief Sustainability & New Technologies Officer. The Supervisory Board would like to thank Dr Nicola Kimm for her commitment in setting up and developing Heidelberg Materials' sustainability strategy and for her successful work on the Managing Board.

The term of office of each of the Supervisory Board members expired at the end of the Annual General Meeting on 16 May 2024, necessitating elections. The elections of employee representatives took place on 14 March 2024. Barbara Breuninger, Dr Ines Ploss, Peter Riedel, and Werner Schraeder were re-elected by the workforce for a five-year term. In place of Birgit Jochens and Heinz Schmitt, Katja Karcher and Markus Oleynik joined the Supervisory Board as employee representatives at the end of the 2024 Annual General Meeting. In October 2024, Dr Ines Ploss assumed the position of Head of the Aggregates Operating Line in Germany and was appointed Managing Director of Heidelberg Materials Mineralik DE GmbH. As a result, she stepped down from the Supervisory Board on 31 October 2024. Anna Toborek-Kacar, who was elected by the employees in March 2024 as an alternate member, has succeeded Dr Ines Ploss on the Supervisory Board with effect from 1 November 2024.

There was only one personnel change among the shareholder representatives. Professor Dr Marion Weissenberger-Eibl was no longer available for re-election to the Supervisory Board and stepped down from the Supervisory Board at the end of the 2024 Annual General Meeting. In her place, Gunnar Groebler, Chief Executive Officer of Salzgitter AG, was newly elected to the Supervisory Board by the Annual General Meeting on 16 May 2024. All shareholder representatives were appointed until the end of the Annual General Meeting that decides on the discharge of the Supervisory Board for the 2027 financial year. All newly appointed members of the Supervisory Board accepted the Supervisory Board mandate and, insofar as they were new to the Supervisory Board, received intensive support from the company upon taking up their positions. This took the form of one-on-one meetings with the Managing Board, selected heads of Group functions, and other experts, as well as comprehensive corporate documentation and information on the legal framework for the Supervisory Board's activities.

There were also personnel changes on the Supervisory Board committees during the reporting year.

Birgit Jochens, Dr Ines Ploss, and Heinz Schmitt stepped down from the Personnel Committee during the reporting year. Two seats were added to the Personnel Committee, which gained five newly elected members in the reporting year: Katja Karcher, Markus Oleynik, Peter Riedel, Dr Sopna Sury, and Anna Toborek-Kacar. Ludwig Merckle continues to hold the position of Chairman.

The Audit Committee was reduced by two members, with the result that Dr Bernd Scheifele and Heinz Schmitt stepped down from the committee without replacement on 16 May 2024. Luka Mucic remains the Chairman of the committee.

In place of Professor Dr Marion Weissenberger-Eibl, Dr Ines Ploss, Peter Riedel, and Werner Schraeder, the Supervisory Board elected Barbara Breuninger, Gunnar Groebler, Katja Karcher, and Markus Oleynik as new members of the Sustainability and Innovation Committee in the reporting year. Dr Sopna Sury took over as Chair of the committee on 16 May 2024.

As Professor Dr Marion Weissenberger-Eibl's successor, Dr Sopna Sury was elected to the Nomination Committee with effect from 16 May 2024. Ludwig Merckle continues to serve as Chairman of the committee.

Professor Dr Marion Weissenberger-Eibl stepped down from the Mediation Committee on 16 May 2024. In her place, Margret Suckale has assumed the position of Chair of the Mediation Committee. In addition, Anna Toborek-Kacar and Werner Schraeder succeeded Dr Ines Ploss and Heinz Schmitt in the reporting year.

The Supervisory Board confirmed Margret Suckale and Dr Sopna Sury from among its members as sustainability experts on the Supervisory Board. For more information, see the **Corporate Governance statement chapter**.

The Supervisory Board would like to thank Birgit Jochens, Dr Ines Ploss, Heinz Schmitt, and Professor Dr Weissenberger-Eibl for their dedicated and expert work on the Supervisory Board over many years and for their valuable contribution to the Group's success.

In conclusion, the Supervisory Board would like to thank all members of the Managing Board and all employees of the Group for their outstanding and dependable cooperation as well as their continued high level of personal commitment and excellent performance on the Group's behalf in the 2024 financial year.

Approval of this report

The Supervisory Board approved this report during its meeting on 24 March 2025 pursuant to section 171(2) of the AktG.

For the Supervisory Board

Dr Bernd Scheifele

Chairman

Corporate Governance statement

The Corporate Governance statement for Heidelberg Materials AG and the Group in accordance with the provisions of sections 289f and 315d of the German Commercial Code (HGB) includes the declaration of compliance pursuant to section 161 of the German Stock Corporation Act (AktG). It also provides information on corporate governance practices and the functioning of the Managing Board and Supervisory Board, including the corporate governance of the company, the remuneration of the boards, the diversity concept for the Supervisory Board and Managing Board, and the legal requirements for equal participation of women and men in management positions.

Declaration of compliance with the German Corporate Governance Code

On 17 January 2025 and 29 January 2025, the Managing Board and the Supervisory Board submitted the following declaration of compliance pursuant to section 161(1) of the AktG:

Since issuing the last declaration of compliance in January 2024, Heidelberg Materials AG has complied with all recommendations of the German Corporate Governance Code in the version of 28 April 2022 published by the Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger) on 27 June 2022 and will continue to comply with them in the future, with the following exceptions:

- Recommendation G.10 sentence 2 is not fully complied with. According to this recommendation, granted long-term variable remuneration components shall be accessible to members of the Managing Board only after a period of four years. In accordance with the 2024+ Managing Board remuneration system approved by the Annual General Meeting in 2024, the members of the Managing Board may access the payout amount of long-term bonus (LTI) only after four years. The duration consists of a three-year performance period and a one-year waiting period. However, a deviation from recommendation G.10 sentence 2 is declared with regard to the 2024 LTI tranche. In the 2027 financial year, 25% of the provisional payout amount of the 2024 LTI tranche will be provisionally paid to the members of the Managing Board in post on the date at which the 2024+ Remuneration System was approved, after expiry of the three-year performance period.

  The reason for the deviation is that this payout after expiry of the performance period is intended to mitigate a one-time shift of the payout in the 2027 financial year (due to the change to the Managing Board remuneration system implemented with effect from the 2024 financial year), as only the capital market component of the 2023 LTI tranche will be paid out in that financial year. The provisional payout will be set off against the regular payout of the 2024 LTI tranche after expiry of the waiting period in the 2028 financial year.

- The recommendation in G.13 sentence 2 is not complied with. According to this recommendation, severance payments shall be taken into account in the calculation of any waiting allowances if post-contractual non-compete clauses apply. This is not the case at Heidelberg Materials AG.

  The reason for this deviation is that a possible severance payment and a waiting allowance are intended to compensate for different issues in terms of content.

- Recommendation G.12 and recommendation G.9 are complied with, with the following exception:

  Heidelberg Materials AG entered into an agreement with Kevin Gluskie upon the expiry of his position on the Managing Board and the expiry of the employment relationship with Mr Gluskie on the regular termination date of 31 January 2024, pursuant to which agreement the 2024 annual bonus and the 2024 LTI for the period from 1 January 2024 to 31 January 2024 were not paid out in accordance with the targets and comparison parameters originally agreed or in accordance with the contractually stipulated due dates. Instead, they were paid out in accordance with the target achievement of the annual bonus for the 2023 financial year or the target achievement of the management or capital market component of Mr Gluskie's LTI completed at the end of the 2023 financial year and following the 2024 Annual General Meeting.

  The reason for this deviation is that, in the opinion of the Supervisory Board, performance based on the actual achievement of targets could not be reasonably measured for the short performance period of one month and therefore, for reasons of practicability, the degree to which the targets were achieved in the previous financial year with regard to the annual bonus or the last completed LTI components was extrapolated and the pro rata temporis 2024 annual bonus and the pro rata temporis 2024 LTI could be paid with the variable remuneration due for payout in 2024.

Heidelberg Materials AG has complied with and continues to comply with all the suggestions of the German Corporate Governance Code, although suggestion A.8 of the code is of no practical relevance to the company at present due to the absence of a takeover bid.

Remuneration system and remuneration report

The remuneration system for members of the Managing Board, which was approved by the Annual General Meeting on 16 May 2024 with a majority of 96.21% of the votes cast, is publicly available on the company's **website** under Corporate Governance. The remuneration system for the members of the Supervisory Board, which was confirmed by the Annual General Meeting on 11 May 2023, can also be found on the website together with the resolution passed by the Annual General Meeting pursuant to section 113(3) of the AktG. The revised Supervisory Board remuneration system adopted by the Supervisory Board on 29 January 2025 will be submitted to the 2025 Annual General Meeting for approval and, once approved, will also be made available on the company's **website**. The remuneration report and the auditor's report are likewise made publicly available at the same internet address pursuant to section 162 of the AktG. The remuneration report can also be found in the **Remuneration report chapter**.

Information on corporate governance practices

Fundamentals of corporate governance

Heidelberg Materials AG is a German public limited company based in Heidelberg. In accordance with the legal regulations, it has three institutions: the Annual General Meeting, the Supervisory Board, and the Managing Board. The tasks and responsibilities of these institutions are primarily based on the AktG and the company's Articles of Association.

As a German public limited company, Heidelberg Materials AG is required by law to have a two-tier board system. The Managing Board is responsible for independently managing the Group. The members of the Managing Board are jointly accountable for the management of the Group. The Chairman of the Managing Board coordinates the work of the members of the Managing Board. The Supervisory Board appoints the members of the Managing Board for a maximum period of five years (in the case of an initial appointment, for a maximum of three years) and extends their appointment if necessary; they may only be removed from office prematurely for good cause. The Supervisory Board also monitors and advises the Managing Board and is directly involved in decisions of fundamental importance to the Group. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board.

In line with the options provided for in accordance with the law or the Articles of Association, the shareholders exercise their rights before or during the Annual General Meeting and thereby exercise their voting right. Each share carries one vote at the Annual General Meeting. The ordinary Annual General Meeting is normally held in the first five months of the financial year. In particular, the Annual General Meeting passes resolutions on the use of profit, approval of the actions of the members of the Supervisory Board and Managing Board, the conclusion of intercompany agreements, changes to the Articles of Association, and the approval of the remuneration report. It also elects the shareholder representatives to the Supervisory Board and the auditor. Shareholders are entitled to file motions and have a comprehensive right to speak and ask questions at the Annual General Meeting in accordance with the statutory provisions. In special cases, the AktG provides for the convening of an Extraordinary General Meeting.

All important documents for exercising shareholder rights as well as the resolution issues and documentation are duly and easily available on our **website** for shareholders to access. Both the notice of the agenda for the Annual General Meeting and our website will provide shareholders with the information they need to exercise their rights, and particularly their voting rights at the Annual General Meeting, including by way of proxy or postal vote. Company proxies bound by instructions are also available to shareholders to exercise their voting rights at the Annual General Meeting. After the end of the Annual General Meeting, the attendance and voting results for the individual agenda items will be published on our **website**.

Internal control and risk management system

Heidelberg Materials is subject to various risks on account of its international business activity. Responsible risk management is an essential component of good corporate governance. The comprehensive and Group-wide risk management system at Heidelberg Materials serves to ensure the early identification, systematic assessment, and targeted management of risks. Heidelberg Materials also has an internal control system that consists of process-independent and process-integrated control measures. Our risk management system and internal control system are used to identify circumstances with the potential to jeopardise the Group. The internal control and risk management system is implemented both at the level of Heidelberg Materials AG and throughout the Group. The Managing Board of Heidelberg Materials AG is responsible for fulfilling the obligation to set up the systems and for continuously monitoring their effectiveness. At Heidelberg Materials, the two systems are comprehensive in design and, in addition to an accounting-related component, also include business and purely operational risks and controls, including those associated with our internally defined sustainability targets, which are not directly related to accounting. With regard to the internal control and risk management system's main accounting-related features, there are comprehensive statutory disclosure obligations, which are set out in greater detail at Group level by German Accounting Standard no. 20 (DRS 20). The relevant disclosures and further information about the internal control and risk management system can be found in the **Risk and opportunity report chapter**. The statements made there for the accounting-related components of the internal control and risk management system essentially also apply to the business and operational system components.

Compliance management system

Integrity, legality, and compliance are integral to everyday business at Heidelberg Materials. The company has a compliance management system that is subject to constant further development. In accordance with the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW) auditing standard 980, the structure of the compliance management system includes compliance culture, targets, risk assessments, and reporting, the compliance programme with guidelines and whistle-blower system, the compliance organisation, communication, training, and controls. Practical implementation in the operating units is the responsibility of the compliance officers of the individual country organisations.

Further information about the compliance management system can be found in the **Non-financial statement chapter**.

Based on its review of the internal control and risk management system, including the compliance management system, and the reporting by the Group Internal Audit department, the Managing Board is not aware of any circumstances that cast doubt on the adequacy and effectiveness of these systems.

The Managing Board has the quality, adequacy, and effectiveness of the internal control and risk management system, including the compliance management system, regularly monitored and assessed by independent parties, in particular by the Group Internal Audit department. The latter performs independent objective audit procedures, which, in addition to examining the design and effectiveness of the aforementioned systems, also explore the potential for optimisation in the operational processes. In compliance with internationally recognised auditing principles and standards, the Group Internal Audit department contributes to the evaluation and optimisation of the internal control and risk management system and the compliance and governance processes. The activities of the Group Internal Audit department are thus intended to support the company in terms of both reducing risks and strengthening its organisational governance processes and structures.

The Managing Board and the Audit Committee of the Supervisory Board receive regular reports on the audit results. In addition, the Supervisory Board also satisfies itself that the Managing Board has installed an internal control and risk management system appropriate to the business activities and risk situation of the company, as well as a functioning monitoring system within the meaning of section 91(2) of the AktG that is effective and capable of recognising at an early stage any developments that could jeopardise the Group as a going concern. The Supervisory Board also has the functionality of the accounting-related internal control system and the early risk identification system certified by the auditor. Furthermore, the Supervisory Board has satisfied itself of the effectiveness of the compliance management system, which guarantees Group-wide compliance with law, legality, and internal guidelines.

Code of Business Conduct

A Group-wide Code of Business Conduct requires all employees to observe the basic rules of business decorum – irrespective of whether these rules are prescribed by law or not. Heidelberg Materials' Code of Business Conduct is an important element of our corporate governance and is published on the **website** under Corporate Governance. The Code of Business Conduct is binding on the Managing Board and all employees worldwide. It forms part of Heidelberg Materials' comprehensive compliance programme and its observance is monitored by control mechanisms included in the programme. In particular, the Code of Business Conduct calls for:

- Integrity and professional behaviour towards customers, suppliers, authorities, and other business partners
- Strict compliance with all applicable laws
- Compliance with competition and antitrust law
- The provision of healthy and safe workplaces
- Efforts to combat corruption and the consistent avoidance of conflicts of interest
- The consideration of sustainability and environmental concerns
- The protection of human rights and employee rights, including fair, non-discriminatory employment conditions and fair dialogue with the employee representatives
- Careful and responsible handling of the Group's property and assets
- Careful and responsible handling of company and business secrets as well as personal data.

To ensure that the rules of the Code of Business Conduct are understood and observed, all members of the Managing Board and employees must regularly complete an online training programme.

Functioning and composition of the Managing Board, Supervisory Board, and Supervisory Board committees

Managing Board

The Managing Board is the company's managing body and has overall responsibility for corporate governance. In this regard, it is obliged to act exclusively in the Group's best interests within the framework of the law. It takes into account the interests of shareholders, its employees, and other stakeholders with the aim of creating sustainable added value. The Managing Board develops the Group's strategy, coordinates it with the Supervisory Board, and ensures its implementation. It makes sure that all provisions of law and the Group's internal guidelines are adhered to and works to achieve compliance by Group companies. It ensures appropriate risk management and risk controlling within the Group.

The Managing Board Rules of Procedure govern, in connection with the schedule of responsibilities, the work of the Managing Board, in particular the departmental responsibilities of individual members of the Managing Board, matters reserved for the full Managing Board, and the required majority for resolutions. In accordance with these rules, each member of the Managing Board runs their management department independently and on their own responsibility, with the provision that all matters of clearly defined fundamental importance are to be decided upon by the full Managing Board. This takes place in the regular meetings of the Managing Board, led by the Chairman of the Managing Board, on the basis of prepared meeting documents. The results of the meetings are recorded in minutes, which are issued to all members of the Managing Board. There are no Managing Board committees. Further details can be found in the Managing Board Rules of Procedure, which are publicly available on our **website**.

Composition of the Managing Board

There are currently nine members on the Managing Board of Heidelberg Materials AG: the Chairman of the Managing Board, the Chief Financial Officer, three further functional members of the Managing Board (Chief Digital Officer, Chief Sustainability & New Technologies Officer, and Chief Technical Officer), and four members of the Managing Board each in charge of the business in one Group area. The Managing Board is composed of the following persons:

Composition of the Managing Board

	Responsibility	Year of birth	Initial appointment	Appointed until
Dr Dominik von Achten	Chairman of the Managing Board	1965	2007	31 January 2028
René Aldach	Chief Financial Officer and Australia within the Asia-Pacific Group area	1979	2021	31 August 2029
Dr Katharina Beumelburg	Chief Sustainability & New Technologies Officer	1976	2024	30 September 2027
Roberto Callieri	Asia within the Asia-Pacific Group area	1963	2024	31 December 2026
Axel Conrads	Chief Technical Officer	1975	2024	31 January 2027
Hakan Gurdal	Africa-Mediterranean-Western Asia Group area	1968	2016	31 January 2029
Dennis Lentz	Chief Digital Officer	1982	2021	31 August 2029
Jon Morrish	Europe Group area	1970	2016	31 January 2029
Chris Ward	North America Group area	1972	2019	31 August 2028

Kevin Gluskie stepped down from the Managing Board on 31 January 2024, and Dr Nicola Kimm stepped down on 31 August 2024.

Further information on the composition of the Managing Board and on the areas of responsibility and mandates of the individual members can be found in the **Annual financial statements of Heidelberg Materials AG**, which are available on the website. Some personal details can be found in the **Managing Board chapter**.

Diversity concept for the Managing Board

The requirements for filling a Managing Board position include, among others, many years of international management experience at Heidelberg Materials or at other internationally active companies. With the targeted use of programmes for the advancement of future executives, Heidelberg Materials is working at creating a pool of suitable candidates. Subject to the achievement of the below-mentioned target figure for the proportion of women, the Supervisory Board makes no distinction on the basis of gender, origin, or any other characteristics when filling Managing Board positions. It makes its decisions regarding appointments to Managing Board positions at the company on the basis of objective criteria such as professional qualifications (international leadership experience, industry knowledge) and the personal suitability of the relevant person for the actual task. In this context, the Supervisory Board also pays particular attention to an internationally balanced and complementary composition of the Managing Board. This diversity regarding the origin of the members reflects the international and regional positioning of Heidelberg Materials. The diversity concept mentioned above is taken into account in the composition of the Managing Board. The standard retirement age for members of the Managing Board is 65 years.

Long-term successor planning for the Managing Board

With the support of the Managing Board, the Supervisory Board ensures long-term successor planning for the Managing Board. The chairs of the Managing Board and the Supervisory Board are in regular contact for this purpose. In addition, the Supervisory Board's Personnel Committee regularly addresses the issue by discussing the contract durations and renewal options for serving members of the Managing Board and consulting on possible successors. In addition to the requirements of the AktG and the German Corporate Governance Code, the target set by the Supervisory Board for the proportion of women on the Managing Board and the criteria laid out in the diversity concept adopted by the Supervisory Board for the composition of the Managing Board are taken into account. This allows candidates to be identified for the Managing Board at an early stage and prepared for their tasks in a targeted way. Structured discussions are held with these candidates, involving the Supervisory Board's Personnel Committee and, if necessary, supported by external advisors. A recommendation for resolution is then presented to the Supervisory Board.

Cooperation between Managing Board and Supervisory Board

The Managing Board and Supervisory Board cooperate closely for the benefit of the Group. To this end, the Managing Board coordinates the Group's strategic approach with the Supervisory Board and discusses the current state of strategy implementation with it at regular intervals. For clearly defined transactions of fundamental importance, the Supervisory Board has stipulated reservations of consent in the Managing Board Rules of Procedure.

The Managing Board informs the Supervisory Board regularly, in a timely manner, and comprehensively of all issues of importance to the Group with regard to strategy, planning, business development, risk situation, risk management, compliance, and sustainability. The Managing Board explains deviations of the actual business development from previously formulated plans and targets, indicating the reasons for this. Documents required for decisions, in particular, the annual financial statements, the consolidated financial statements, and the auditors' report, are sent to the members of the Supervisory Board in due time before the meeting. The cooperation between the Managing Board and the Supervisory Board is shaped by mutual trust and a culture of open debate while fully protecting confidentiality.

In the periods between Supervisory Board meetings, the Chairman of the Supervisory Board also maintains regular contact with the Managing Board, especially the Chairman of the Managing Board, to discuss issues relating to the Group's strategy, planning, business development, risk situation, risk management, compliance, and sustainability. The Chairman of the Supervisory Board is informed by the Chairman of the Managing Board without delay on important events that are essential for the assessment of the situation and development, as well as for the management of the company.

Supervisory Board

The Supervisory Board of Heidelberg Materials AG consists of 12 members. Pursuant to the German Co-Determination Law (Mitbestimmungsgesetz, MitbestG), it is composed of an equal number of shareholder representatives and employee representatives. The shareholder representatives are elected by the Annual General Meeting by a simple majority. At Heidelberg Materials AG, these elections are held regularly as individual elections. The employee representatives are elected by the employees in accordance with the rules of the MitbestG. Further information on the members of the Supervisory Board and the information required under section 285(10) of the HGB can be found in the **Annual financial statements of Heidelberg Materials AG**.

Composition of the Supervisory Board

Shareholder representatives	Employee representatives
Dr Bernd Scheifele (Chairman)	Werner Schraeder (Deputy Chairman)
Gunnar Groebler	Barbara Breuninger
Ludwig Merckle	Katja Karcher
Luka Mucic	Markus Oleynik
Margret Suckale	Peter Riedel
Dr Sopna Sury	Anna Toborek-Kacar

The Supervisory Board advises and supervises the Managing Board in the management of the company. The Managing Board involves the Supervisory Board in all decisions of fundamental importance to the Group directly and at an early stage. The Supervisory Board also appoints the members of the Managing Board. It determines its own Rules of Procedure, which govern the organisation and work of the Supervisory Board, in particular the required majority for resolutions, the standard retirement age for Supervisory Board members, the regular limit of length of membership of the Supervisory Board, and the tasks of established committees. Furthermore, the Supervisory Board has defined a catalogue of transactions and measures that require its consent, based on the size and risk profile of the company. The Supervisory Board decides on the granting of consent for significant company transactions with members of the Managing Board or their related parties (related party transactions).

The Supervisory Board meets at least twice every half-year; at these meetings, it discusses the open topics and passes the required resolutions – usually on the basis of reports drawn up by the Managing Board and documents received in advance in preparation for the meeting. Additional or extraordinary meetings are held if necessary. The results of the meetings are recorded in minutes, which are issued to all members of the Supervisory Board. Separate preliminary meetings of the employee representatives are held regularly to prepare for the meetings. The Supervisory Board also meets regularly and on an ad hoc basis without the Managing Board. Information on any conflicts of interest of a member of the Supervisory Board and how these are treated is disclosed annually in the Report of the Supervisory Board to the Annual General Meeting. The Chairman of the Supervisory Board regularly seeks information about investors' views on strategic issues and is prepared to receive and consider suggestions from investors on topics specific to the Supervisory Board.

An onboarding process is in place for new members of the Supervisory Board, which provides them with information relevant to their Supervisory Board activities. If required, they are given an introduction to the legal framework surrounding the Supervisory Board and can also meet with members of the Managing Board and line managers to discuss fundamental and current issues in order to gain an overview of the topics that are relevant to the company. The purpose of this is to familiarise the new members of the Supervisory Board with their rights and obligations as well as the company's business model and the structures at Heidelberg Materials. The members of the Supervisory Board are themselves responsible for obtaining the training required for their tasks and are supported by the company in this respect. The company also offers specific training sessions – sometimes with external support – for members of the Supervisory Board, most recently in November 2024. These training courses cover topics that are particularly relevant to the company and the work of the Supervisory Board – for example, with regard to changes to the regulatory framework, the selection of suitable investment projects, the ongoing development of the company's antitrust law compliance system, the company's risk management system, any changes to the German Corporate Governance Code, new reporting requirements, sustainability within the company, and new, future-oriented technologies.

Committees of the Supervisory Board

In accordance with the Articles of Association, the Supervisory Board has set up a total of five committees, which are entrusted with the tasks and functioning described below. The following respective plenary session of the Supervisory Board is given an account of the results of the committee work.

The **Personnel Committee** is responsible for preparing the decision of the Supervisory Board concerning the appointment of members of the Managing Board, for preparing the election of the Chairman of the Managing Board, for establishing the Managing Board's remuneration structure, for the remuneration paid to the individual members of the Managing Board, and for the remuneration report. It is also responsible for making a decision concerning the structuring of the non-remuneration-related legal relationships between the company and the members of the Managing Board.

The **Audit Committee** is responsible for preparing the decision of the Supervisory Board concerning the adoption of the annual financial statements and the approval of the consolidated financial statements, including the non-financial statement. It is also responsible for monitoring the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the compliance management system, the audit, and the quality of the audit. When dealing with the audit, it is responsible in particular for the preparation of the Supervisory Board's proposal to the Annual General Meeting for the appointment of the auditor, as part of the selection and proposal procedure provided by law if applicable, for issuing the audit assignment, establishing points of focus for the audit, verifying additional non-audit services provided by the auditor in accordance with the guideline adopted by the Audit Committee on 6 May 2024, concluding the fee agreement with the auditor, verifying the auditor's independence including obtaining the auditor's statement of independence, and making the decision concerning measures to be taken if reasons emerge during the audit to warrant the possible disqualification of the auditor or suggest a conflict of interest on the part of the auditor. Furthermore, the Audit Committee discusses the half-year financial report and quarterly statements with the Managing Board before they are published. The Audit Committee is also responsible for compliance and human rights issues and monitors the adequacy and effectiveness of the internal process for related party transactions.

The financial experts pursuant to section 100(5) of the AktG are Luka Mucic (Chairman of the Audit Committee), on account of the expertise he has acquired in the areas of accounting and auditing through his professional activity as Chief Financial Officer of Vodafone Group Plc and, formerly, as Chief Financial Officer of SAP SE, and Ludwig Merckle, due to the expertise in the areas of accounting and auditing he has acquired as a result of his professional activity and his long-standing membership of the Audit

Committees of the Supervisory Board

Personnel Committee

- Ludwig Merckle (Chairman)
- Katja Karcher
- Luka Mucic
- Markus Oleynik
- Peter Riedel
- Dr Bernd Scheifele
- Werner Schraeder
- Margret Suckale
- Dr Sopna Sury
- Anna Toborek-Kacar

Audit Committee

- Luka Mucic (Chairman)
- Ludwig Merckle (Deputy Chairman)
- Barbara Breuninger
- Peter Riedel
- Werner Schraeder
- Margret Suckale

Sustainability and Innovation Committee

- Dr Sopna Sury (Chairwoman)
- Barbara Breuninger
- Gunnar Groebler
- Katja Karcher
- Ludwig Merckle
- Markus Oleynik

Nomination Committee

- Ludwig Merckle (Chairman)
- Margret Suckale
- Dr Sopna Sury

Mediation Committee, pursuant to section 27(3) of the German Codetermination Law

- Margret Suckale (Chairwoman)
- Dr Bernd Scheifele
- Werner Schraeder
- Anna Toborek-Kacar

Committee of Heidelberg Materials AG. Both have specialist knowledge and experience in the application of accounting standards and internal control and risk management systems, in auditing, and in sustainability reporting and the auditing thereof.

The **Sustainability and Innovation Committee** is responsible for advising and monitoring the Managing Board on all aspects of sustainability, particularly in connection with the reduction of the company's carbon footprint and the resulting innovation topics and growth opportunities, digital transformation, and other ESG issues.

The Supervisory Board confirmed Margret Suckale and Dr Sopna Sury from among its members as sustainability experts on the Supervisory Board. According to the Supervisory Board's assessment, Margret Suckale has proven experience and expertise in the field of sustainability, in particular through her many years of responsibility for this topic area at BASF (including as Head of the Corporate Sustainability Board) and at association level (committee chair at the German Chemical Industry Association, VCI), as well as through her work as an ESG expert on the Supervisory Board of Deutsche Telekom AG. According to the Supervisory Board's assessment, Dr Sopna Sury also has proven experience and expertise in the field of sustainability, in particular due to her many years of international and multidisciplinary work spanning energy solutions (renewable energies and hydrogen solutions), regulation, business development, strategy, and communication, as well as responsibility for developing green energy solutions at E.ON, Uniper, and RWE.

The **Nomination Committee** is responsible for putting suitable candidates for the Supervisory Board forward to the Supervisory Board for its proposals for election to the Annual General Meeting. To this end, it regularly compiles and reviews requirement profiles for shareholder representatives on the Supervisory Board and monitors suitable individuals. Before submitting a candidate recommendation to the Supervisory Board, the Nomination Committee defines the requirements for the specific mandate to be filled. In doing so, it complies with the legal requirements and takes into account both the recommendations of the German Corporate Governance Code and the guidelines and objectives adopted by the Supervisory Board for its composition, in particular the profile of skills for the Supervisory Board.

The **Mediation Committee**, formed pursuant to sections 27(3) and 31(3) of the MitbestG, is responsible for making a proposal to the Supervisory Board for the appointment or revocation of the appointment of members of the Managing Board if the necessary two-thirds majority is not initially achieved.

Self-assessment of the effectiveness of the work of the Supervisory Board

Every two years, the Supervisory Board carries out a regular self-assessment of the effectiveness of the work of the Supervisory Board and its committees, as recommended by the German Corporate Governance Code. The last such self-assessment took place in the second half of 2023. The self-assessment was performed by means of a detailed questionnaire, which the members of the Supervisory Board completed anonymously, and a subsequent discussion within the Supervisory Board. This self-assessment focused on the internal arrangements and organisation of the Supervisory Board, the preparation, conduct, and recording of meetings, the culture of discussions and work, the content and topics of meetings, the composition of the Supervisory Board, the cooperation between the Supervisory Board and the Managing Board, the provision of information, sustainability, and committee-specific aspects. The self-assessment of the Supervisory Board and its committees revealed highly favourable opinions on all topics. No significant need for change was identified. Opportunities to further optimise the work of the full Supervisory Board and the committees in individual areas were identified and corresponding measures were initiated. The next self-assessment of the Supervisory Board and its committees is scheduled for the 2025 financial year.

Profile of skills, diversity concept, and targets for the composition of the Supervisory Board

Taking into account recommendation C.1 of the German Corporate Governance Code and section 289f(2)(6) of the HGB (diversity concept), the Supervisory Board agreed specific objectives regarding its composition and a profile of skills for the Board as a whole. In doing so, the Supervisory Board aims to make a wide range of expertise available to the Group and to have the broadest possible pool of candidates at its disposal for the election of future Supervisory Board members.

Profile of skills

The profile of skills shall ensure that each of the skills and areas of knowledge or technical experience listed below is held by at least one member of the Supervisory Board, so that the Supervisory Board as a whole covers all of the necessary skills:

- Industry knowledge (familiarity with the building materials sector or related industries)
- International management experience (own management activities in an international environment)
- Personnel competencies (experience in the composition of corporate bodies, knowledge of procedures for identifying candidates for relevant positions, experience in/with change management)
- Governance, legal, and compliance (knowledge of stock corporation and capital markets law, compliance structures and concepts, and corporate governance standards, membership in and leadership of co-determined corporate bodies)
- Accounting, auditing, and controlling (experience and expertise in the fields of accounting and auditing, experience in controlling and risk management structures)
- Strategy, capital markets (experience in developing and implementing corporate strategies, M&A experience)
- Sustainability (experience in the field of sustainability and sustainable corporate governance, integration of ambitious sustainability targets into existing business processes as well as corresponding change management, knowledge of sustainable technologies and corresponding business models)

- Digitalisation (experience in the digitalisation of existing processes and the development of digital and data-based business models)

Diversity concept

On the Supervisory Board, the skills listed above should be represented as broadly and in as balanced a way as possible. In addition, the in-depth skills of the individual members of the Supervisory Board in individual fields should complement each other. Furthermore, the Supervisory Board shall ensure an appropriate diversity with regard to the age structure and the respective educational and professional background of its members as well as their personal, national, and/or international background. Attention shall be paid to the time availability of the Supervisory Board members. The composition of the Supervisory Board shall appropriately reflect the national and international orientation of Heidelberg Materials as a leading building materials manufacturer. The Supervisory Board shall be composed of at least 30% women and at least 30% men.

Independence

The Supervisory Board aims to include at least four shareholder representatives who are independent within the meaning of recommendation C.6 of the German Corporate Governance Code.

Age limit and length of membership

At the time of election, the members of the Supervisory Board shall not be older than 70 years. The regular limit of length of membership of the Supervisory Board is twelve years.

Status of implementation

The Supervisory Board considers that its current composition corresponds to its specified targets and the profile of skills. Details on the status of implementation of the fulfilment of the profile of skills for the Supervisory Board can be found in the following qualification matrix, which was adopted by the Supervisory Board on the basis of a self-assessment by the individual Supervisory Board members.

Qualification matrix of the Supervisory Board

	Dr Bernd Scheifele[1]	Barbara Breuninger[2]	Gunnar Groebler[1]	Katja Karcher[2]	Ludwig Merckle[1]	Luka Mucic[1]	Markus Oleynik[2]	Peter Riedel[2]	Werner Schraeder[2]	Margret Suckale[1]	Dr Sopna Sury[1]	Anna Toborek-Kacar[2]
Industry knowledge	●	●		●	●		●	●	●			●
International management experience	●		●			●				●	●	●
Personnel competencies	●	●	●	●	●	●	●	●	●	●	●	●
Governance, legal, and compliance	●		●	●	●	●	●	●	●	●	●	
Accounting, auditing, and controlling	●	●		●	●	●	●	●	●	●		●
Strategy, capital markets	●	●	●	●	●	●	●	●	●	●	●	●
Sustainability	●	●	●	●		●	●	●	●	●	●	●
Digitalisation		●	●	●	●	●	●	●	●	●		

1) Shareholder representative
2) Employee representative

In addition, the Supervisory Board ascertained with respect to its composition and the composition of its Audit Committee that all of its members are familiar with the sector in which the company operates.

According to the Supervisory Board's own assessment, the objectives of the diversity concept have been fulfilled. The composition of the Supervisory Board exhibits appropriate diversity with regard to the age structure and the educational and professional backgrounds of its members and reflects the national and international alignment of Heidelberg Materials. There are currently five women on the Supervisory Board, of whom two represent the shareholders and three represent the employees. The proportion of women on the Supervisory Board is thus 41.67%. The minimum proportion of at least 30% each of women and men on the Supervisory Board, as specified in section 96(2) of the AktG, has therefore been fulfilled.

According to the assessment of the shareholder representatives on the Supervisory Board, all shareholder representatives (Dr Bernd Scheifele, Gunnar Groebler, Ludwig Merckle, Luka Mucic, Margret Suckale, and Dr Sopna Sury) can currently be regarded as independent within the meaning of the German Corporate Governance Code. In its assessment, the Supervisory Board took into account the fact that Luka Mucic, as a member of the board of Vodafone Group plc, holds a position of responsibility at an external company with which Heidelberg Materials AG has a business relationship. However, as the business success of Heidelberg Materials AG is not significantly influenced by its business relationship with Vodafone and no other dependency on Vodafone Group plc exists, the Supervisory Board considers Mr Mucic to be independent. The Supervisory Board also took into account the fact that Ludwig Merckle has been a member of the Supervisory Board for more than 12 years. In the opinion of the Supervisory Board, this length of membership does not lead to a conflict of interest on the part of Mr Merckle, as his work in past years has shown that this length of membership does not give cause for any such concern. In addition, the regular limit of length of membership of the Supervisory Board and the standard retirement age have been taken into account.

Target figures for the gender balance on the Managing Board and in the two leadership levels below the Managing Board and information on compliance with the minimum proportion of women and men in the composition of the Managing Board and Supervisory Board

The law requires Heidelberg Materials AG to define target figures for the proportion of women on the Managing Board and in the two leadership levels below the Managing Board.

On 18 March 2020, the Supervisory Board resolved to set the target figure for the proportion of women on the Managing Board of Heidelberg Materials AG as at least one woman for the period from 1 July 2020 to 30 June 2025. In addition, according to the AktG, the Managing Board must have as members at least one woman and at least one man (minimum participation requirement). With Dr Nicola Kimm and her successor Dr Katharina Beumelburg as members of the Managing Board, the Supervisory Board's target was achieved ahead of schedule, and the composition of the Managing Board of Heidelberg Materials AG thus complies with the above-mentioned legal requirements. The Supervisory Board will continue its efforts to identify suitable women who meet the requirements for filling a position on the company's Managing Board. Independently of this, the Supervisory Board continues to strive to take diversity into account when making personnel decisions.

When filling management positions within the Group, the Managing Board also considers diversity, and in doing so, strives to give due consideration to women. The Managing Board has defined an ambitious target for the proportion of women in leadership positions. In Germany, the aim is for the proportion of women to reach 27% for each of the two leadership levels below the Managing Board by 2027. As at 31 December 2024, the proportion of women in leadership positions in Germany was 13% at the first level below the Managing Board and 27% at the second level below the Managing Board.

The Managing Board has also formulated a global target for the proportion of women in leadership positions of 25% by 2030. As at 31 December 2024, the proportion of women across the Group in management positions in the first and second leadership levels below the Managing Board was 18%. Further information can be found in the **Non-financial statement chapter**.

With regard to the statutory minimum proportion of women and men on the Supervisory Board and the implementation of these proportions at Heidelberg Materials AG, please refer to the explanations given under **Profile of skills, diversity concept, and targets for the composition of the Supervisory Board**.

Shareholdings of members of the Managing Board and Supervisory Board

The direct or indirect ownership of shares or share-based financial instruments, especially derivatives, by members of the Managing Board is shown in the **Remuneration report chapter** and has not exceeded the threshold of 1% of the issued shares in any individual case or in total.

According to the voting rights notifications available to the company, Supervisory Board member Ludwig Merckle holds 28.88% of the issued shares via Spohn Cement Beteiligungen GmbH, a company under his control. As regards the other members of the Supervisory Board, the ownership of shares or share-based derivatives has not exceeded the threshold of 1% of the issued shares in any individual case or in total, according to the available notifications.

Heidelberg Materials in the capital market

Overview

In Germany, the Heidelberg Materials share is listed for trading on the Prime Standard segment of the Frankfurt Stock Exchange and on the Regulated Market of the Stuttgart, Düsseldorf, and Munich stock exchanges. The Heidelberg Materials share is listed in the German benchmark index DAX. In the USA, the Heidelberg Materials share has been traded since 30 December 2024 as part of a sponsored OTC Level I ADR programme. Prior to that, ADRs were tradable as part of an unsponsored programme. American depositary receipts (ADRs) are share certificates issued by US banks, which represent ownership of shares of non-US companies. These share certificates are traded on the over-the-counter (OTC) market.

Our share ranks among the most important building materials shares in Europe. Besides the DAX, it is also included in other indices, such as the S&P Global 1200 Construction Materials Index and STOXX Europe 600 Construction & Materials Index. Our stock is also listed in the sustainability indices FTSE4Good Europe and DAX 50 ESG. With effect from 23 December 2024, our share has been included in the Dow Jones Sustainability Index (DJSI) Europe. The DJSI Europe index is composed of European companies that have achieved outstanding results in the S&P Global Corporate Sustainability Assessment.

Development of the Heidelberg Materials share compared to MSCI World Construction Materials Index and DAX in 2024 Index (Base: 29 December 2023 = 100)

Development of the Heidelberg Materials share

In the 2024 financial year, despite a challenging macroeconomic environment and subdued demand for building materials, the Heidelberg Materials share price continued the strong upwards trend of the previous year. This was due in particular to the company's strong operational performance. The Heidelberg Materials share began the 2024 stock market year at €80.94, improved further over the course of the year, and closed the year at €119.30. Compared with the end of 2023, the Heidelberg Materials share price increased by 47.4%, making it one of the top performers in the DAX. The DAX and the MSCI World Construction Materials Index recorded increases of 18.8% and 16.4% respectively during the same period. At the end of 2024, Heidelberg Materials' market capitalisation amounted to €21.3 billion (previous year: 14.7).

Development of the Heidelberg Materials share (ISIN DE0006047004, WKN 604700)

€	2023	2024
Year-end share price	80.94	119.30
Highest share price	81.78	126.90
Lowest share price	55.10	78.92
Equity per share on 31 Dec.	99.32	110.63
Market capitalisation 31 Dec. (€ '000s)[1]	14,736,594	21,286,790
Earnings per share	10.43	9.87
Change compared with previous year		
Heidelberg Materials share price	51.9%	47.4%
DAX	20.3%	18.8%
MSCI World Construction Materials Index	56.8%	16.4%

1) On the basis of outstanding shares (issued shares less treasury shares).

Dividend proposal of €3.30 per share

Heidelberg Materials pursues a progressive dividend policy with the aim of increasing the dividend annually. The Managing Board and Supervisory Board will propose to the Annual General Meeting the distribution of a dividend of €3.30 (previous year: €3.00) per share entitled to dividend. On the basis of the share price at the end of 2024, the dividend yield is 2.8%.

Second share buyback programme

In order to allow its shareholders to continue participating in the company's success beyond the progressive dividend policy, Heidelberg Materials launched a new share buyback programme in May 2024. The programme has a total volume of up to €1.2 billion and a term running until the end of 2026. It is envisaged that the share buyback will be carried out in three tranches. Within the scope of the first tranche, a total of around 3.6 million own shares were acquired on the stock exchange between 23 May and 25 November 2024 at a total price (including incidental acquisition costs) of around €350 million.

The around 4.1 million treasury shares from the final tranche of the 2021–2023 share buyback programme were cancelled with a reduction in the subscribed share capital on 21 February 2024. As a result, the subscribed share capital of Heidelberg Materials AG amounted to €546,204,360 as at 31 December 2024 and was divided into 182,068,120 no-par value shares. The around 3.6 million treasury shares from the first tranche of the current share buyback programme were cancelled with a reduction in the subscribed share capital on 24 February 2025. Since then, the share capital of Heidelberg Materials AG has totalled €535,292,280 and has been divided into 178,430,760 no-par value shares.

Heidelberg Materials AG share capital

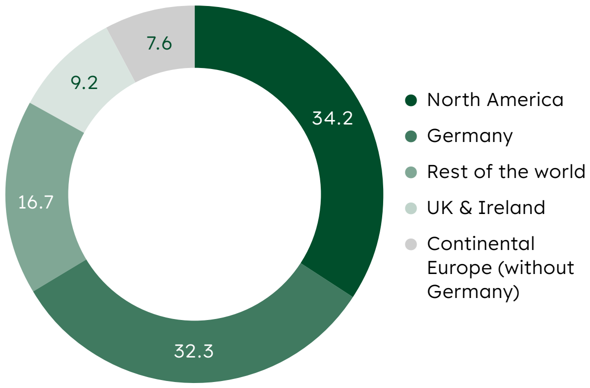
	Share capital € '000s	Number of shares
1 January 2024	558,557	186,185,619
Cancellation of treasury shares	-12,352	-4,117,499
31 December 2024	546,204	182,068,120
Cancellation of treasury shares	-10,912	-3,637,360
Since 24 February 2025	535,292	178,430,760

Shareholder structure

An analysis of the shareholder structure conducted at the end of 2024 showed that the proportion of North American investors had risen slightly. The proportion of German investors had fallen compared with the previous year, but the proportion of investors from continental Europe (excluding Germany) had increased, thanks to new buyers in France and Northern Europe.

At the end of 2024, investors from North America and Germany formed the two largest investor groups, accounting for 34.2% and 32.3% of shares issued, respectively, followed by investors from the UK and Ireland at 9.2% and continental Europe (excluding Germany) at 7.6%. Investors from other geographical regions and retail investors accounted for the remaining 16.7%. The largest shareholder and anchor shareholder is Ludwig Merckle, who, according to the voting rights notifications available to the company, held 28.88% of the issued shares via Spohn Cement Beteiligungen GmbH, a company under his control, as at 31 December 2024. The free float as defined by Deutsche Börse was 72.36% at the end of 2024.

Geographical distribution of shareholders (as at year-end 2024) in %



Dividend key figures

	2020	2021	2022	2023	**2024**
Dividend per share in €	2.20	2.40	2.60	3.00	3.30[1]
Dividend yield [2] in %	2.8	4.6	3.7	3.0	2.8
Adjusted profit for the financial year attributable to Heidelberg Materials AG shareholders in €m [3]	1,365	1,561	1,790	1,989	2,155
Total dividend amount in €m	437	458	484	546	589
Payout ratio in %	32.0	29.4	27.0	27.5	27.3

1) Proposal to the Annual General Meeting on 15 May 2025
2) Dividend per share/share price on the day of the Annual General Meeting; for the 2024 financial year: dividend per share/share price at the end of the financial year
3) Profit for the financial year attributable to Heidelberg Materials AG shareholders excluding the additional ordinary result; 2023 and 2024 values: in addition, excluding provision for obligations attributable to discontinued businesses of the Hanson Group.

Credit and sustainability ratings

Details of Heidelberg Materials' credit rating by the rating agencies S&P and Moody's can be found in the **Group financial management section**. ESG factors are becoming increasingly important in investment decisions. The ESG rating agencies relevant to Heidelberg Materials and their ratings can be found in the **ESG ratings and indices section**.

Frameworks established for sustainable financing

With the Green Finance Framework and the Sustainability-Linked Financing Framework, Heidelberg Materials has introduced two sustainable financing frameworks in order to align the company's financing requirements with its sustainability strategy. The Green Finance Framework introduced in May 2024 enables Heidelberg Materials to use green bonds to finance sustainability-related projects. The framework complements the Sustainability-Linked Financing Framework published in 2022, which can be used for the issue of various sustainability-linked financing instruments. Further information on sustainable financing can be found in the **Sustainable financing and taxes chapter** and in the **Group financial management section**.

Investor relations – open dialogue and transparent communication

In 2024, our investor relations work mainly centred on fostering existing investor relations and attracting new, long-term investors. During the reporting year, management and the investor relations team met more than 400 investors physically and virtually at conferences and roadshows, as well as for one-on-one and group discussions.

Besides the business figures, the particular focus of the events and discussions was on the Group strategy with regard to portfolio management and the transformation topics of sustainability and digitalisation, as well as the company's financial management, strict cost management, and capital allocation strategy. Our progress towards climate neutrality and our pioneering role in carbon capture, utilisation, and storage (CCUS) technologies were discussed intensively. Under the evoZero® brand, we will offer our customers the world's first net-zero cement based on carbon capture and storage (CCS) technology. The investor relations team was in regular contact with analysts again in 2024. At the end of 2024, 28 analysts covered Heidelberg Materials.

In March 2024, the Chairman of the Supervisory Board held in-depth discussions with investors from Germany, the UK, and the USA as part of a corporate governance roadshow. The main topics covered were remuneration, the efficiency of the Supervisory Board, and the composition of the Supervisory Board and its committees.

Heidelberg Materials values open dialogue and transparent communication with the capital market and other stakeholders. We take criticism and demands, for instance regarding corporate governance, seriously, analyse and evaluate them, and continuously make improvements. In the future, we will continue the constructive discussions and direct dialogue with capital market participants in order to further strengthen trust in our company and our share.

Sustainability

Shaping transformation: sustainability and innovation

Sustainability is one of the most transformative topics of our time and an integral part of Heidelberg Materials' Group strategy. It influences every business decision and is firmly anchored in our day-to-day business at our almost 3,000 locations.

We are convinced that a modern sustainability strategy requires strong and ambitious targets combined with relevant key figures. After all, inaction is more expensive than action – this is the case for the effects of climate change, and other measures such as the continuous development and training of our employees.

Our overarching objective is to decarbonise our cement and concrete products by applying innovative technologies and sustainable practices. By consistently integrating sustainability into our value chains, we have been able to significantly expand our range of sustainable products and solutions in recent years. Be it 3D concrete printing, circular building products made from recycled resources, or the significant impact that CCUS technologies will soon have on our sustainable product portfolio: Heidelberg Materials' teams are working hard at developing and scaling new solutions. In order to reflect the crucial importance of innovation in the transformation of our company, the topics of sustainability and new technologies have been bundled into a single Managing Board responsibility since 2024.

For industrial transformation and the transition to climate neutrality to succeed, our stakeholders need to understand and support the associated changes. That is why our sustainability teams offer training on ESG topics, virtual sustainability days, and workshops on circular economy and decarbonisation. We communicate the added value of sustainable products to our customers through various events and communication formats. Additionally, we are involved in associations and networks to promote sustainability at all levels and together with other social stakeholders.

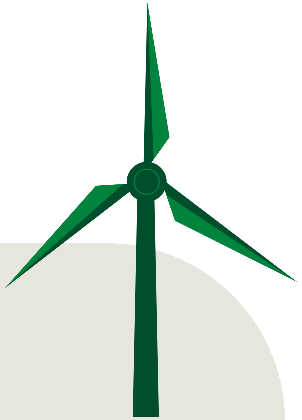
We thus keep our eyes focused on the entire range of ESG issues – after all, aspects such as occupational safety, responsible procurement, respect for human rights, and ensuring equal opportunities are crucial to lead our company in a forward-looking way. The health and well-being of our employees is the foundation of a productive and engaged workforce, and diverse teams make us stronger as a company. We are a reliable partner for the communities around our operational sites. We contribute to a nature positive world through our biodiversity programme and sustainable water management.

The following pages provide a brief overview of our activities and targets in connection with the sustainability topics that are important to us.

"We are turning sustainability into a business case – with innovative technologies and the most ambitious CO_2 roadmap in our industry."

Dr Katharina Beumelburg
Chief Sustainability & New Technologies Officer

Material topics for a more sustainable future



Climate change

How do we achieve our climate targets?

As one of the largest building materials manufacturers worldwide, we are aware of our special responsibility. A key focus of our climate strategy is the reduction of CO_2 emissions: Heidelberg Materials has set ambitious targets for reducing specific net CO_2 emissions to 400 kg per tonne of cementitious material by 2030 and achieving net-zero emissions by 2050 latest. Our targets have been validated by the Science Based Targets initiative (SBTi) as aligned with the 1.5°C Roadmap for the cement industry. To achieve this, we are leveraging key business activities. These include measures in clinker and cement production as well as the pilot and scale-up of important breakthrough technologies.

We are investing in the modernisation and efficiency of our facilities while increasing the use of alternative fuels, especially waste-based biomass. This reduces fossil fuel use and significantly lowers CO_2 emissions. Blast furnace slag, fly ash, and calcined clays can be used to reduce the proportion of traditional clinker in cement.

In addition, we are striving to expand our use of renewable energies and improve energy efficiency. We are investing in our facilities for the generation of green electricity and entering long-term power purchase agreements (PPAs) to increase the ratio of renewables in our energy mix.

However, these measures alone are not sufficient to make substantial progress towards net-zero emissions. Therefore, we also focus on researching and implementing breakthrough technologies such as carbon capture, utilisation, and storage (CCUS). Projects such as the pioneering CCS project in Brevik, Norway, and the Cap2U carbon capture project in Lengfurt, Germany, which will both begin operation in 2025, are examples of our innovative abilities in this field.

Find out more in the Climate change chapter.

Pollution

How are we contributing to clean air and soil?

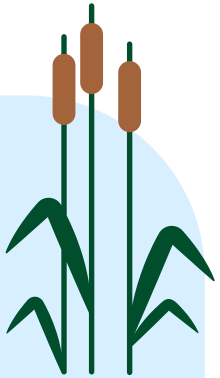
We are aware of the effects of our production processes and work continuously to minimise our environmental impact. We consider the responsible management of air and soil pollution to be a key aspect of our sustainability strategy. Thus, we focus on applying strict guidelines, regular environmental assessments, and the use of innovative technologies to reduce emissions.

A key aspect of our environmental strategy is the reduction of air pollutants. In addition to CO_2 emissions, cement production also causes the release of dust and air pollutants such as sulphur oxides (SO_X) and nitrogen oxides (NO_X). Heidelberg Materials has implemented strict policies and measures to control the emission of these pollutants. By using innovative process technologies and emission reduction systems, we reduce air pollution and contribute to improving air quality.

We regularly carry out environmental assessments and self-audits to ensure our operational sites comply with local legal requirements for the protection of air and soil. These audits help us identify potential environmental risks and take preventive measures.

Heidelberg Materials is also committed to soil protection. We ensure fuels and chemicals are always stored in compliance with local environmental standards. Spill control systems and special hazardous material safety cabinets are available at our operational sites to prevent soil contamination.

Find out more in the Pollution chapter.



Water and marine resources

How do we promote access to clean water?

Heidelberg Materials is committed to the protection and active management of water resources. We strive to minimise the impact of our business activities on natural water resources and monitor water use, especially in regions with water risks. We focus on individual, location-specific solutions to reduce water consumption and work closely with local communities to ensure fair water distribution. Water management plans and water recycling systems help us reduce our water consumption, especially in water-scarce regions, and to minimise the environmental impact of our wastewater.

We obtain water from a variety of sources, paying particular attention to the use of rainwater and recycled water. Heidelberg Materials recycles water at various production sites for reuse in cooling or vehicle cleaning, for example. In the interest of the circular economy, our concrete plants are also equipped with recycling plants that make it possible to reuse process water generated during concrete production.

We support access to clean water and sanitation as a fundamental human right. Whenever possible, we make surplus water resources derived from quarry drainage or rainwater harvesting available to nearby local communities. As a signatory to the World Business Council for Sustainable Development (WBCSD) WASH Pledge, we are also committed to providing our employees and contractors with access to safe drinking water, sanitation, and hygiene at all our operational sites worldwide.

Find out more in the Water and marine resources chapter.

Biodiversity and ecosystems

How do we provide valuable habitats for animal and plant species at our operational sites?

For us, biodiversity means protecting and promoting the diversity of species and ecosystems, preserving natural habitats, and strengthening nature's resilience in facing the challenges of climate change.

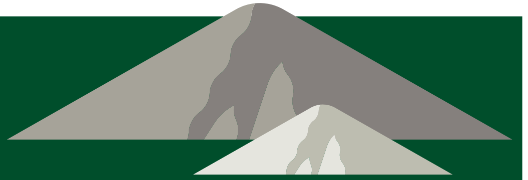
As a quarrying business, our activities have a significant impact on the environment. We see it as our responsibility to minimise these effects through responsible mining and holistically planned land use which considers environmental and social aspects and promotes biodiversity. To achieve this, we rely on location-specific measures to create and sustain temporary habitats.

Protected species which find valuable habitats in the quarries and gravel pits of Heidelberg Materials include sand martins, yellow-bellied toads, eagle owls, and Eurasian otters. Pollinators such as butterflies, solitary bees, and other endangered insect species also benefit from undisturbed habitats in our quarries.

We work closely with partners such as BirdLife International, IUCN, and various universities to develop and implement innovative approaches to habitat creation and restoration, to educate and raise awareness to empower our local workforce. Our research and educational competition, the Quarry Life Award, also promotes a better understanding of the biodiversity value of quarries and gravel pits.

Quarry restoration is also an integral part of our biodiversity strategy. Our objective is to restore affected areas to a condition at least as good or better than before the commencement of quarrying operations.

Find out more in the Biodiversity and ecosystems chapter.



Circular economy

How do we close the loop for cement and concrete?

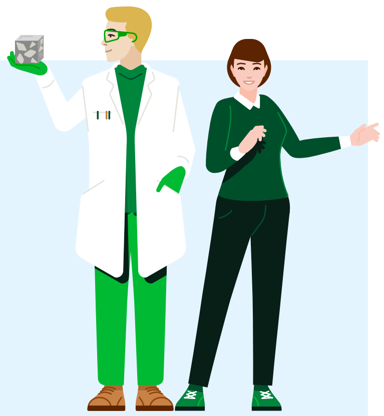
In a world where resources are becoming ever more precious, we need to use them carefully. For Heidelberg Materials, circularity means keeping materials and products in their lifecycle for as long as possible and reducing the use of primary raw materials. We promote circular economy along the entire value chain, for example, through the recycling of building materials such as concrete and asphalt, as well as the recovery of non-recyclable waste. The company's cement kilns also process alternative fuels and biomass, which generate energy and replace primary mineral raw materials.

An area of focus is the development of innovative recycling processes and the integration of recycling companies into the Group's structure. Since our concrete is fully recyclable, we can readily meet this objective.

We are continuously expanding our portfolio of circular products to offer our customers more alternatives to standard concrete products. This includes the development of concrete mixtures with reduced clinker content and increased recycled content, as well as research into alternative binders. Particular attention is paid to the use of digital construction processes such as 3D-concrete printing, which enables material savings and reduces construction waste.

By means of our innovative proprietary ReConcrete process, waste concrete is crushed and sorted almost homogeneously into its components. This method allows for the extraction of sand, gravel, and even hardened cement paste. The latter can be reused as a valuable low-carbon raw material in clinker and cement production, replacing natural limestone to support circularity. In addition, the hardened cement paste can absorb and permanently bind CO_2, thus acting as a carbon sink.

Find out more in the Circular economy chapter.



Own workforce

How do we create a good working environment for our employees?

Our employees are crucial to the success of our company. We are committed to ensuring they can work in a safe and supportive environment that promotes their personal and professional development. Occupational health and safety, the promotion of diversity and inclusion, and further training are decisive for ensuring this.

Another area of focus is compliance with human rights. Heidelberg Materials is committed to fully respecting the human rights of its employees. In addition to personal self-determination, this also includes the equal treatment of all employees, regardless of origin, ability, or belief. We do not tolerate child or forced labour.

We respect our employees' freedom of expression and strive to conclude collective agreements that improve employment conditions. By engaging in regular dialogue with our employees – directly or through workers' representatives – we incorporate their perspectives into our Group strategy.

Given the inherent risks of accidents and injuries in the production of cement and aggregates, we have firmly embedded occupational health and safety into our work processes. We also promote flexible working models and support the mental health of our employees. Advanced training opportunities help improve the skills and competencies of our workforce and support individual development.

Diversity, equity, and inclusion are also of great importance to Heidelberg Materials. Our objective is to increase the proportion of women in senior management positions and promote the professional development of our employees through comprehensive career development programmes.

Find out more in the Own workforce chapter.

Workers in the value chain

How do we promote fair and safe working conditions in the value chain?

We recognise the importance of fair working conditions and respect for human rights, and we are actively committed to embedding these principles throughout our value chain. In this context, we pay close attention to the impact of our business activity on the workforce in the upstream and downstream value chains. We thus strive to create transparency in their working conditions and make sure human rights are respected along the entire value chain.

We work closely with our suppliers to ensure they adhere to the principles of our Supplier Code of Conduct, which prohibits child and forced labour and strives to ensure fair and safe working conditions. We also carry out regular risk analyses to verify our suppliers' compliance with labour and human rights standards. This includes aspects such as the assessment of wages and working hours as well as occupational health and safety.

Our Responsible Procurement initiative aims to integrate sustainability criteria into the procurement process to identify and mitigate potential risks at an early stage. By working with partners such as IntegrityNext and Avetta, we can effectively monitor compliance with human rights standards and ensure our suppliers implement ethical practices.

Regarding health and safety, suppliers and contractors are subject to the same strict rules as our own workforce. On-the-job education and training help ensure all workers can perform their tasks safely and responsibly.

Find out more in the Workers in the value chain chapter.

Affected communities

How do we engage with local communities?

Our business activities are locally based. Thus, we pay special attention to our interaction with nearby communities and our impact on individuals' daily lives, their health and safety, and the socio-economic environment. We aim to amplify the positive impact of our business activities and prevent or mitigate potential negative impacts. However, we know the building materials industry, particularly the extraction of raw materials, presents various challenges such as those regarding land use and the sharing of resources like drinking water. We have developed various policies and actions to address these issues in a structured manner.

An important part of our strategy is to understand the needs of and actively engage with local communities. Regular discussions with local stakeholders and the creation of community engagement plans help us manage the social, environmental, and economic impacts of our operations and strengthen the positive effects.

Our employees also take an active part in community life by volunteering as part of our corporate volunteering programme. Our CSR activities focus on projects that promote sustainable development, infrastructure, education, culture, and the environment. Heidelberg Materials regularly reviews the effectiveness of the implemented actions and adjusts them as necessary to ensure long-term effectiveness of projects and meet the needs of local communities.

Find out more in the Affected communities chapter.

Consumers and end-users

How do we support our customers' sustainable construction projects?

Heidelberg Materials' interactions with consumers and end-users are based on the provision of standard-compliant, high-quality sustainable products, the use of digital solutions to optimise ordering processes, the promotion of customer satisfaction, and the protection of personal data. We ensure the reliability and performance of our products through regular quality controls – both internally in our own test laboratories and through external monitoring.

With the wide range of low-carbon and circular products in our evoBuild portfolio, we help our customers to achieve their sustainability targets. These include concretes with an improved carbon footprint, which reduce the CO_2 intensity of concrete by using substances such as blast furnace slag and fly ash as secondary cementitious materials (SCMs). We also offer concrete solutions containing varying proportions of recycled aggregates, which are available in many countries.

The Net Promoter Score enables us to determine the needs of our customers – including those regarding our sustainable products and digital offerings – and to implement potential improvements as early as possible.

Our digital solutions play an important role in optimising ordering processes. Our OnSite app, for example, allows customers to order materials directly, track their shipment and arrival, and reduce costs by minimising overproduction and optimising logistics. SmartRock sensors help monitor the strength development of concrete on-site, which can reduce construction time and costs.

Find out more in the Consumers and end-users chapter.

Corporate governance

How do we promote ethical behaviour and business excellence?

Heidelberg Materials' pursuit of outstanding business performance and a leading position among the best players in our industry also requires a commitment to legally and ethically correct behaviour. We have developed comprehensive policies and measures to strengthen our corporate governance and culture. With clear guidelines, continuous training, and a comprehensive compliance program, we promote a positive corporate culture while minimising risks such as corruption, bribery, and competition law infringements.

Our Group-wide compliance programme includes training, risk assessments, and reporting measures and is continuously being developed. An important component of this programme is the SpeakUp whistle-blower system, which enables internal and external parties to anonymously report potential violations, such as those regarding discrimination, occupational health and safety, or antitrust law.

We regularly conduct corruption risk assessments and provide training on corruption prevention to our employees worldwide. Business partner review processes and process definitions such as the dual control principle help prevent corruption. We consistently evaluate whether our employees behave in an ethical and compliant manner, as set out in our Code of Business Conduct, and also document our findings as part of our annual performance appraisal.

To support decarbonisation of the cement industry, we also monitor political discussions and legislative processes. Regular evaluations of our political lobbying and association work ensure that our activities are aligned with our corporate targets and international climate protection agreements.

Find out more in the Corporate governance chapter.

Sustainable financing and taxes

Compliant behaviour is an integral part of our business activities. With our **Code of Business Conduct** and **Policy Statement on Human Rights**, we have established our own Group-wide set of rules. 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 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.

Tax strategy

We are aware that tax revenues are an important cornerstone for financing government investments and expenditure and therefore also for social cohesion in any given country. 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 Principles & Values**, 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 company and our employees and averting any reputational damage. The positions we take are based on an appropriate interpretation of tax laws and regulations as well as 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.

Financing

Heidelberg Materials has introduced a green finance framework and a sustainability-linked financing framework in order to align the company's financing requirements with its sustainability strategy. We strongly believe that sustainable financing is an effective tool to channel investments towards projects that contribute to the implementation of the Paris Agreement and the UN Sustainable Development Goals (UN SDGs). Our target is therefore to increase the share of sustainable financial instruments to over 70% by 2025. We are currently at 62% (previous year: 50%).

Both frameworks have been established as a platform for the issue of various sustainability-linked financial instruments, such as bonds (including private placements), commercial paper (CP, short-term bearer bonds of a money market character), loans, debt certificates, and other earmarked and sustainability-linked financial instruments, in various formats and currencies.

Heidelberg Materials is a pioneer in the field of commercial paper with a sustainable performance target. The CP programme is also linked to the reduction of specific CO_2 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_2 emissions within the defined period and at the specified level, an additional annual interest payment must be donated to BirdLife Europe to promote biodiversity.

In 2023, for the first time, we placed sustainability-linked bonds with a total issue volume of €1.5 billion and linked the interest coupons to the industry's most ambitious climate targets. The interest rate on the bond is linked to the development of the specific CO_2 emissions per tonne of cementitious material until 2026 and 2030.

In 2024, Heidelberg Materials became the first European manufacturer in the heavy building materials industry to issue two green bonds. The projects financed by these green bonds with a total volume of €1.2 billion, range from the modernisation of plants, such as by increasing the use of alternative fuels, to the expansion of carbon capture technologies.

ESG ratings and indices

The sustainable capital market continues to develop dynamically. This dynamic is also reflected in the steadily growing interest shown by our shareholders, financial analysts, and other market participants.

Sustainability ratings and rankings evaluate and analyse the sustainability performance of companies. These are reflected, in part, in material risks and rewards in relation to environmental, social, and corporate governance (ESG). So-called extra-financial indicators, such as ESG performance, have a long-term impact on corporate success. In particular, Heidelberg Materials' commitment to climate, sustainable product solutions, and sustainability reporting was rated positively in several ESG ratings in 2024.

Our ESG rating strategy is an important tool that helps us not only to record and monitor the dynamic ESG market environment, but also to continuously identify best practices and optimisation potential. We regularly evaluate the relevance and importance of various ESG ratings.

CDP
In the CDP sustainability rating, Heidelberg Materials received a classification of A for "Climate Change" and A- for "Water Security" in 2023.[1)]
www.cdp.net

DAX 50 ESG
Our share is part of the DAX 50 ESG index, which was launched in 2020.

EcoVadis
In July 2024, we significantly improved our EcoVadis rating and achieved an overall score of 77. Special mention was made of Heidelberg Materials' CO_2 management and decarbonisation strategy.
www.ecovadis.com

ISS ESG
In October 2024, we were able to improve our ISS ESG corporate rating from a C+ rating to a B– rating for the first time and continue to bear the ISS ESG Prime label.
www.issgovernance.com

Moody's ESG Solutions
In the 2023 rating by Vigeo Eiris, Moody's ESG rating unit, Heidelberg Materials received an overall score of 67, placing it among the top three out of 25 companies in the building materials sector.
esg.moodys.io

MSCI
In 2024, Heidelberg Materials was again graded AA in the MSCI rating.
www.msci.com

S&P Global
Heidelberg Materials participates annually in the S&P Corporate Sustainability Assessment (CSA), achieving a score of 80 in 2024. Heidelberg Materials has thus been included in the Dow Jones Sustainability Index (DJSI) Europe for the first time since December 2024.
www.spglobal.com

Sustainable Fitch
In September 2023, Heidelberg Materials participated in the Sustainable Fitch Rating for the first time and was commended for its sustainability reporting.
www.sustainablefitch.com

Sustainalytics
In Sustainalytics' ESG Risk Rating, Heidelberg Materials achieved a score of 26.2 in January 2025, placing it in the medium risk category. Special mention was made of the company's environmental, health, and safety management systems.
www.sustainalytics.com

1) The result is still pending and is expected at the end of April 2025.

Heidelberg Materials as an employer

In 2022, we launched our new corporate brand: HeidelbergCement became Heidelberg Materials. The name stands for our innovative portfolio and reflects our aspiration to be open to change while remaining approachable and authentic. More than 25 countries have now adopted our rebranding, and we already generate more than 80 % of our sales with products under the new brand. This development also includes a clear value proposition of what we stand for as a global company – for our customers, other stakeholders, and above all, for our employees.

We want to be perceived as an innovative, sustainable, and diverse employer with a value-oriented corporate culture in which employees can reach their full potential while contributing to a better future for the entire industry. Our objective is to promote growth, team spirit, and mutual appreciation in order to ensure our mutual success and advance the Heidelberg Materials brand.

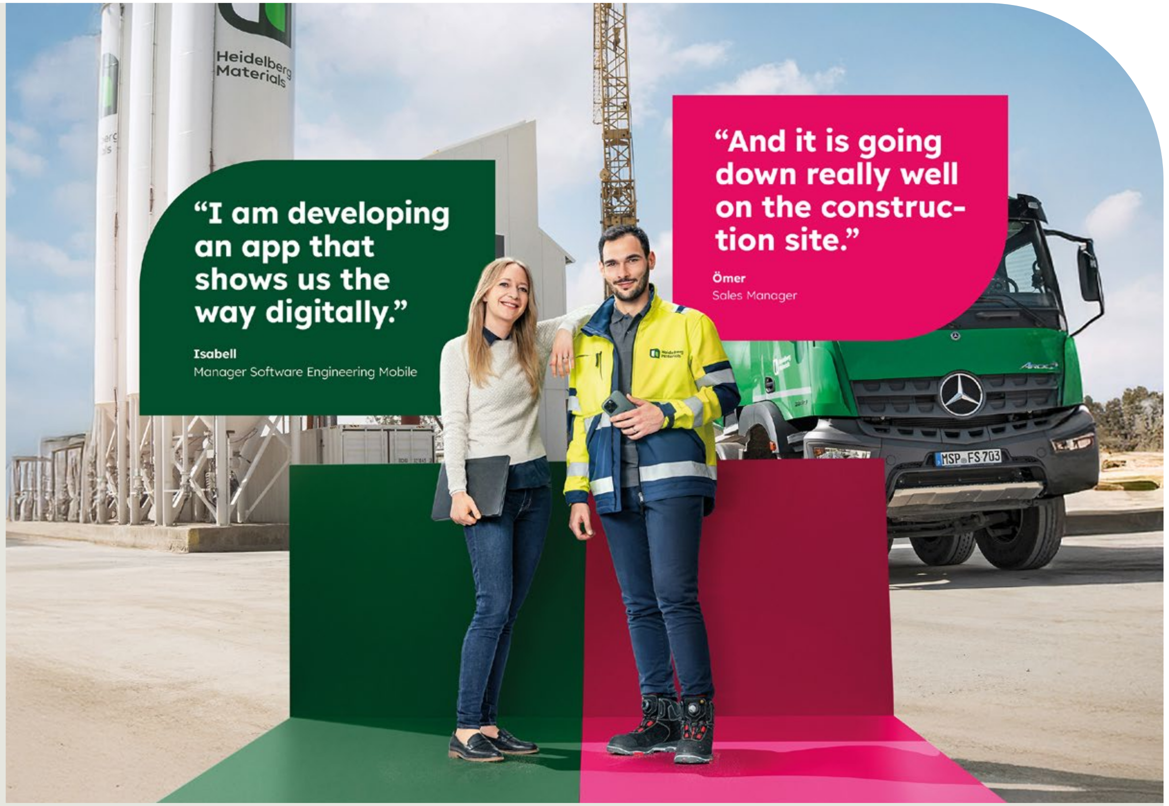
To convey this message to the outside world, in addition to strengthening our community internally, we have developed an employer brand that represents the identity and values of Heidelberg Materials as an employer:

Determined
We are committed to making the future of building materials sustainable. We are therefore putting in the necessary effort to build on our pioneering spirit and innovative strength. And our actions speak for themselves.

Visionary
As a large company with a willingness to invest and the ambition to achieve above-average results, we have a great deal of influence. We are poised to change the future of the world and are at the forefront of transforming the industry.

Supportive
Our employees are the foundation of our future. We value our employees and help them to reach their full potential. We want our employees to be and remain curious.

Reliable
Reliability and a down-to-earth approach are at the heart of our company. These characteristics ensure consistency and trustworthiness in everything we do.



Make more of tomorrow today

In keeping with our new brand, we want to be perceived as a company that stands for innovation, collaboration, sustainability, diversity, and a value-oriented culture. We want our existing and future employees to be able to reach their full potential.

All of these values are incorporated into our working methods and corporate culture, which we have encapsulated in our employer brand claim: **Make more of tomorrow today.**

Our new employer brand reflects this aspiration. It will be used in internal communication and recruiting in the future.

Combined management report

Notes on reporting

This combined management report contains the management reports of the Heidelberg Materials Group and Heidelberg Materials AG. The statements about the Group (hereinafter also referred to as Heidelberg Materials) apply equally to Heidelberg Materials AG. Information relating only to the parent company is indicated accordingly. For information on this topic, please refer to the **Statements on Heidelberg Materials AG section**.

In accordance with sections 289b and 315b of the German Commercial Code (HGB), non-financial reporting is integrated into the combined management report and included in the **Non-financial statement chapter**. The disclosures pursuant to Article 8 of the Taxonomy Regulation (EU) 2020/852 can also be found here, in compliance with Delegated Regulation (EU) 2021/2178.

We define our target of achieving net-zero emissions by 2050 as reducing our CO_2 emissions across the entire value chain in line with the Science Based Targets initiative's (SBTi) 1.5°C pathway, while neutralising residual emissions.

The calculation of specific net CO_2 emissions per tonne of cementitious material as well as the clinker factor refers to the definition of the GCCA, if not stated otherwise.

We report the share of revenue from sustainable products Group-wide and for the cement business line. The revenue that we allocate to our sustainable products does not align with the definitions of the EU Taxonomy Regulation. We define sustainable cement and concrete as a reduction in CO_2 emissions of at least 30% compared to the GCCA's 2020 global reference value. This translates into a threshold of ≤ 552 kg CO_2/t for cementitious material and ≤ 5.5 kg CO_2/m³/MPa for ready-mixed concrete. Circular products must contain at least 30% recycled aggregates or reduce material requirements by at least 30% in order to be included in the share of revenue from sustainable products.

Reporting has been aligned with the organisational structure changed on 1 January 2024. Due to the new structure of the Group areas, the previous year's figures for the Europe and Africa-Mediterranean-Western Asia Group areas have been adjusted. Explanations of the changes in the Group areas can be found in the **Organisational structure section**.

For the qualitative description of the respective developments, we use the following terms (ascendingly sorted by extent): on previous year's level/stable/flat; slight; moderate/noticeable; significant; strong/sharp.

The Corporate Governance Statement in accordance with the provisions of sections 289f and 315d of the German Commercial Code (HGB) is published in the **To our stakeholders chapter** and at **https://www.heidelbergmaterials.com/en/company/corporate-governance**.

In the 2024 financial year, there were no other relevant changes in reporting. Unless expressly indicated otherwise, all statements and figures refer to the continuing operations of Heidelberg Materials.

An overview of the calculation methods used for financial key figures and a description of technical terms can be found in the **Glossary** of the Annual Report.

Fundamentals of the Group

Business model

For more than 150 years, Heidelberg Materials has offered a broad range of building materials, applications, and services. Our core activities are the production and distribution of cement, aggregates, ready-mixed concrete, and asphalt. Heidelberg Materials also trades goods by sea worldwide, in particular cement and clinker, clinker substitutes, and fossil and alternative fuels.

Heidelberg Materials is one of the world's largest integrated manufacturers of building materials in terms of revenue and operates on five continents. Our products are used, among other applications, for the construction of houses, traffic routes, infrastructure, as well as commercial and industrial facilities, thus meeting the demands of a growing world population for housing, mobility, and economic development. On the journey towards net zero and a circular economy in the building materials industry, we are working on sustainable, intelligent building materials and solutions for the future. We enable new opportunities for our customers through digitalisation.

Our customers are mainly business customers (B2B), such as builders' merchants, construction companies, and the public sector. In the various market segments, we offer building materials and solutions tailored to the specific needs and requirements of our customers.

Heidelberg Materials' fully integrated business model encompasses the entire value chain, from the extraction of raw materials to further processing into cement all the way to the end product concrete and its recycling, as well as their sales and distribution to customers. Operating activities are supported by central competence centers for technology as well as by shared service centers in the regions and individual countries. Operating business processes include the geological exploration of raw material deposits, the purchase or lease of the land where the deposits are located, applying for mining concessions and environmental impact assessments, the construction of manufacturing facilities in cooperation with external service providers, as well as the actual production of building materials, including extracting raw materials, recycling building materials, and maintaining the facilities.

Products

Our core products cement, aggregates, ready-mixed concrete, and asphalt are homogeneous bulk goods. Their product characteristics are mostly standardised in order to ensure the required stability, reliability, and processability in the application.

Cements are classified according to their early and final strength as well as their composition. In addition to cements that consist of almost 100% clinker, there are so-called composite cements, in which a portion of the clinker is replaced by alternative raw materials, such as fly ash, ground slag, or limestone. Cement is used as a binder mainly in concrete production.

Aggregates (sand, gravel, and crushed rock) are classified according to their particle size and texture. They are the main component in the production of concrete and asphalt but are also used as base courses in the construction of infrastructure, such as roads. On a small scale, aggregates are also obtained from recycled products.

Concrete is a mixture of aggregates (about 80%), cement (about 12%), and water. Concrete is usually delivered to the construction site by ready-mix trucks and is poured locally into forms. Moreover, concrete is also used for the production of precast concrete parts, such as stairs, ceiling elements, or structural components.

Asphalt is a mixture of aggregates (about 95%) and bitumen and is generally used as a top layer in road construction.

Locations and sales markets

Due to the heavy weight of cement, aggregates, and concrete in proportion to their price, production and further processing usually take place in close proximity to the sales markets. The cement transportation radius by road does not normally exceed 200 km. The delivery radius for aggregates, ready-mixed concrete, and asphalt by road is generally less than 100 km. Consequently, we have local production sites in around 50 countries in which we offer building materials.

We operate around 130 cement plants (plus a further 17 as part of joint ventures), just under 600 quarries and aggregates pits (thereof 35 locations belonging to joint ventures), as well as around 1,270 ready-mixed concrete production sites (plus a further 216 as part of joint ventures) worldwide.

In total, the Group employs 50,692 people (based on full-time equivalents) at around 2,500 locations on five continents. There are additionally around 300 production sites belonging to joint ventures. In the past financial year, we sold or closed around 75 locations as part of our portfolio optimisation.

Organisational structure

Until the end of the 2023 financial year, the Group was divided into five geographical Group areas – Western and Southern Europe, Northern and Eastern Europe-Central Asia, North America, Asia-Pacific, and Africa-Eastern Mediterranean Basin – and the sixth Group area, Group Services.

In September 2023, the Supervisory Board of Heidelberg Materials AG decided on the succession of members of the Managing Board, which also led to changes in the geographical Group areas from the 2024 financial year.

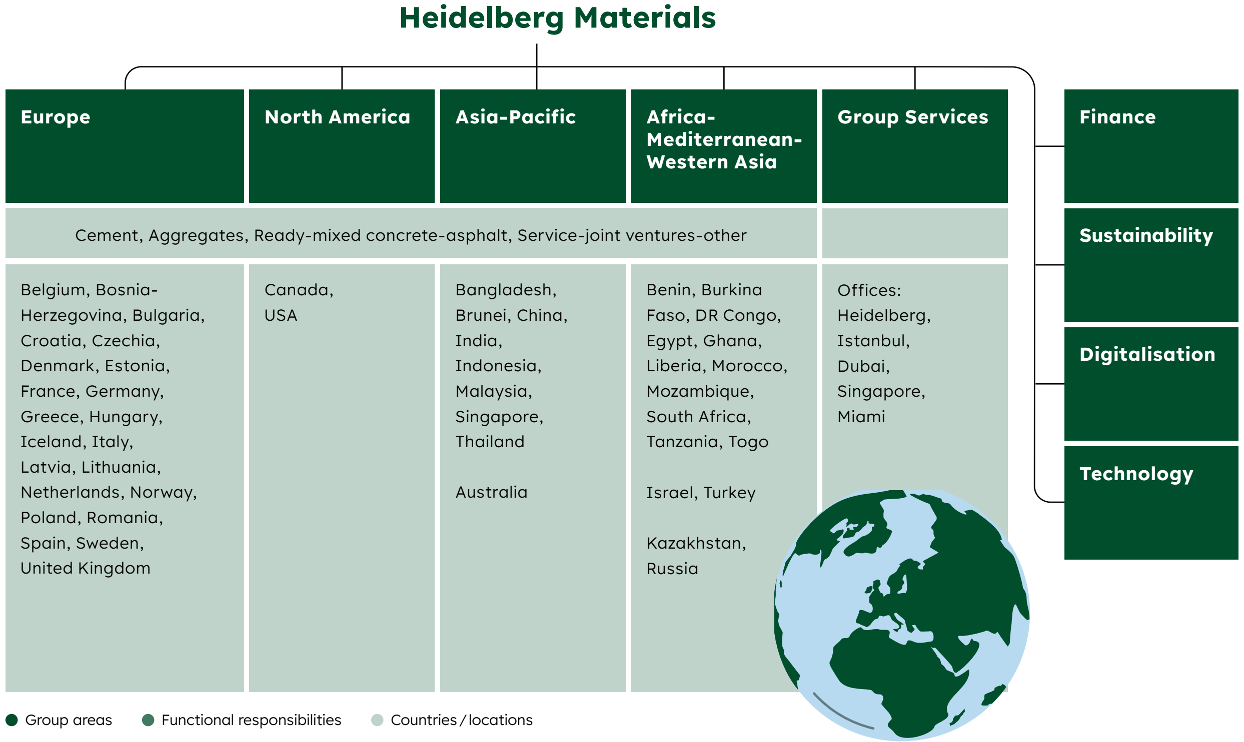
As of 1 January 2024, the Western and Southern Europe Group area and the majority of Northern and Eastern Europe-Central Asia were combined to form the newly created Europe Group area. Since January 2024, Kazakhstan and Russia have been part of the former Africa-Eastern Mediterranean Basin Group area, which has since been renamed Africa-Mediterranean-Western Asia. The North America and Asia-Pacific Group areas were not affected by any geographical changes.

As before, our activities are divided into four business lines within these now four geographical Group areas. The cement and aggregates business lines comprise the essential raw materials that are required for the manufacture of the downstream products ready-mixed concrete and asphalt, which are combined in our third business line. The fourth business line, service-joint ventures-other, primarily covers the activities of our joint ventures.

As before, our global trading activities, especially the trading of cement, clinker, supplementary cementitious materials, and fossil and alternative fuels are pooled together in the fifth Group area, Group Services.

In February 2024, the new Managing Board position of Chief Technical Officer was created to embed deep technical expertise within the Managing Board and drive forward the company's technical projects towards our CO_2 reduction target net zero. Since then, the Chief Technical Officer has been responsible for all three global technical Competence Centers: Cement (CCC), Aggregates & Asphalt (CCA), and Readymix (CCR).

Organisational structure



Changes to the Managing Board

Since 1 January 2024, the majority of the Northern and Eastern Europe-Central Asia Group area has been combined with Western and Southern Europe to form the Europe Group area. Member of the Managing Board Jon Morrish, previously responsible for Western and Southern Europe, has since been responsible for this newly created Group area.

Managing Board member Hakan Gurdal, who was previously responsible for the Group area Africa-Eastern Mediterranean Basin, has also been responsible for Kazakhstan and Russia since January 2024. Since then, the Group area has been called Africa-Mediterranean-Western Asia.

Since January 2024, Roberto Callieri, previously General Manager Italy, has taken on responsibility for Asia in the Asia-Pacific Group area as a new member of the Managing Board. He succeeds Kevin Gluskie, whose term on the Managing Board expired at the end of January 2024. Chief Financial Officer René Aldach assumed additional responsibility for Australia in this Group area in January 2024.

Axel Conrads, previously President of the Midwest region of the USA, assumed the newly created Managing Board position of Chief Technical Officer in February 2024.

On 20 March 2024, the Supervisory Board extended the mandate of the Chairman of the Managing Board Dr Dominik von Achten, which was due to expire at the end of January 2025, by three years until 31 January 2028.

Dr Katharina Beumelburg has been Chief Sustainability & New Technologies Officer and a Member of the Managing Board of Heidelberg Materials since 1 October 2024. She succeeded Dr Nicola Kimm, who left the company on 31 August 2024 after completing her three-year term of office. From May 2021, Dr Katharina Beumelburg was Chief Strategy and Sustainability Officer and a member of the Executive Management team at SLB, the world's largest energy technology company, before her appointment to the Managing Board of Heidelberg Materials

Changes to the Supervisory Board

With the conclusion of the Annual General Meeting on 16 May 2024, the term of office of the former Supervisory Board ended and that of the new Supervisory Board, elected by the Annual General Meeting and the employees respectively, commenced. Birgit Jochens and the previous Deputy Chairman of the Supervisory Board, Heinz Schmitt, are no longer members of the Supervisory Board as employee representatives. Their successors are Katja Karcher and Markus Oleynik. Gunnar Groebler, Chief Executive Officer of Salzgitter AG, was newly elected to the Supervisory Board as a shareholder representative; he succeeded Professor Dr Marion Weissenberger-Eibl, who was no longer available for re-election to the Supervisory Board. Dr Bernd Scheifele remains Chairman of the Supervisory Board. Werner Schraeder was elected as Deputy Chairman.

On 31 October 2024, Dr Ines Ploss stepped down from the Supervisory Board as representative of the senior executives. She was succeeded by Anna Toborek-Kacar, who was elected by the employees in March 2024 as a substitute member for Dr Ines Ploss. The reason for the changes to the Supervisory Board is the appointment of Dr Ines Ploss as Managing Director of Heidelberg Materials Mineralik DE GmbH as of 1 November 2024 as part of her new position as Head of the Aggregates Operating Line in Germany. Under German law, a member of the parent company's supervisory board cannot be a managing director of a subsidiary at the same time.

Strategy

Material to build our future

With its building materials and solutions, Heidelberg Materials has been contributing to global progress for more than 150 years. The purpose adopted in 2020, “Material to build our future,” reinforces our intention to develop and produce innovative (building) materials for the future and to play a material role going forward.

Four culture principles form the basis for our activity

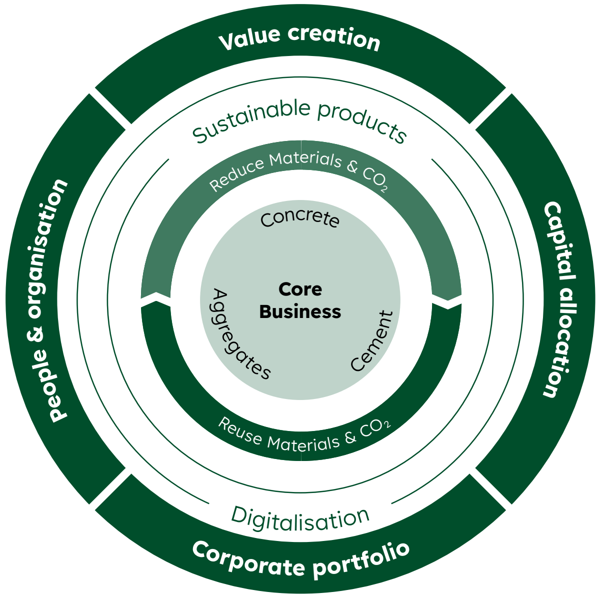
- Be stronger together!
- Get the customer excited!
- Unleash innovation!
- Think and act long term!

The purpose and four culture principles are integral to our Group strategy.

Strategic framework

The top priority of our strategy and all our entrepreneurial activity is to sustainably increase the enterprise value while limiting the adverse effects of our business activities on the environment and society.

Strategy framework



Cement, aggregates, and concrete form the core of our business activities. In a market with largely standardised building materials, customer focus and service quality are crucial in order to successfully market our products and solutions. By further developing our product and customer portfolio, we are striving for profitable growth in line with our sustainability targets. In particular, we rely on the market knowledge and entrepreneurial spirit of our local management.

Business excellence

The basis and prerequisite for business excellence is a culture of continuous improvement. We compare performance both internally and in relation to competitors against comprehensive performance indicators in order to identify commercial and operational improvement opportunities. In the area of operational excellence, we launched the Transformation Accelerator initiative in 2024. Its focus is on the cross-border optimisation of the production network, cross-functional efficiency enhancements, especially in the areas of procurement and back-office/overhead costs, as well as technical initiatives on a global scale. We have set clearly defined targets for each aspect of the initiative, which will be continuously monitored and optimised.

Growth and transformation

Taking our clearly defined core business as a starting point, we aim to generate sustainable and profitable growth. To complement and transform our existing core business, we are focusing on two key levers: sustainability and digitalisation.

Sustainability

We see closing the loop in terms of carbon emissions and material streams as an opportunity to establish new products and solutions on the market and open up new areas of business. Our target is to generate 50% of our revenue through sustainable products and solutions (including carbon-reduced and circular) by 2030 and to achieve net-zero emissions by 2050 at the latest (see **Non-financial statement)**.

By using proven techniques and measures, such as maximising the use of alternative fuels, optimising the product mix, and improving the efficiency of our plants, we want to achieve a continuous reduction in our CO_2 emissions and become an industry-wide front runner in decarbonisation, combined with cost leadership. To achieve this, however, the existing techniques and measures are not sufficient. We are therefore intensively researching and testing new technologies aimed at avoiding the emission of CO_2 and closing the carbon loop. A particular focus of this work is on carbon capture, utilisation, and storage (CCUS) (see **Research and development section**).

In addition, we not only continuously review and optimise the use of resources in the manufacture of our products, but also work on finding ways to use and reuse them beyond their previous useful lives in keeping with circular economy principles. The aim is to conserve primary resources and make greater use of secondary resources, namely demolition concrete, as recycled materials. Heidelberg Materials is already active in the recycling business in several countries and is working on the targeted processing of recycled concrete components, as well as their recarbonation and reuse in building materials. With the acquisitions of the B&A Group and Highway Materials in 2024, among other steps, Heidelberg Materials is strengthening its range of circular materials to meet the increasing demand for sustainable building materials. We also invested in the cleantech start-up EnviCore in 2024 to drive the development and scale-up of innovative technologies in the circular economy.

Our sustainability targets – combined with the growing importance of resource efficiency and the circular economy – are not only creating new opportunities for sustainable products and solutions as well as differentiation through optimised pricing and margins, but also potentially giving rise to new business models to generate additional sustainable growth.

Digitalisation

Digitalisation – including digital products and applications – plays a crucial role throughout our entire value chain, from raw materials mining, production, and logistics to the interface with our customers. Heidelberg Materials has set itself the target of becoming the leading tech company in the building materials sector.

We aim to use digital solutions to contribute to company growth and increase efficiency in production and administration. Our digital transformation strategy is centred on the three digital pillars HConnect, HProduce, and HService. While we already use the HConnect digital product suite to cover more than two thirds of our global sales volume via digital interfaces to customers, the primary focus of the applications within the HProduce and HService digital product suites is on improving efficiency and reducing costs in production and within back-office processes. We are making greater use of artificial intelligence and automation to realise these efficiency and cost effects.

As an anchor investor in digital and technology companies, such as through our investments in Command Alkon and Giatec Scientific, and a provider of digital products, we want to generate future growth and additional value creation and drive forward the digital transformation of Heidelberg Materials and the building materials sector as a whole.

The implementation of our strategy and the achievement of our targets are supported by measures in the areas of people and organisation, corporate portfolio, and capital allocation.

People and organisation

Heidelberg Materials pursues an integrated management approach, the success of which is based on a balance between local operational responsibility, Group-wide standards, and global leadership.

The achievement of essential corporate targets is enshrined in individual target agreements at all management levels and is reviewed regularly. At Managing Board level, global business functions are allocated clearly to the individual members. Separate Managing Board responsibilities have been established for the strategic transformation topics of sustainability and digitalisation since 2021. The position of Chief Technical Officer was likewise created on the Managing Board in 2024; this department pools the global expertise of the business lines' technical competence centers.

An area of particular importance to us as a manufacturing company is occupational safety and the protection of our employees' health. We see the international composition of our workforce as a decisive factor for the global success of Heidelberg Materials. The aim is to create a high-performance and sustainable organisation throughout the Group.

Corporate portfolio

We see our diversified country portfolio, consisting of developed and growth markets, as a strength. Through active portfolio management, we aim to further simplify our country portfolio and prioritise the strongest market positions. We have defined financial and non-financial criteria according to which all our markets are assessed. This includes divestments of activities in markets that do not meet these criteria in the medium term. We want to expand our activities in countries that fulfil these criteria. Selective acquisitions in existing markets must satisfy high result and return expectations as well as sustainability criteria. We will continue our vertical integration along the entire value chain in the countries in which we are achieving strong synergy effects and are able to strengthen and expand our market positions. In addition, we will maintain and continuously expand our portfolio investments in the transformative areas of sustainability and digitalisation.

Capital allocation

Our entrepreneurial activity is accompanied by a consistent allocation of capital. With planned net capital expenditure of €1 billion per year, we have reached the required level of investment to operate our production sites efficiently and meet market requirements.

We make investments with a focus on improving our margins and meeting our sustainability targets. Investments with a focus on sustainability or digital are gaining in importance. We are continually developing our corporate portfolio, with divestments helping to finance complementary acquisitions.

Thanks to a progressive dividend policy, our shareholders benefit from our corporate success. We also create sustainable value for our shareholders by reducing net debt. Share buybacks complement the capital allocation mix and underscore the focus on shareholder return.

Value creation

To measure our business success and create sustainable value, we have defined key performance indicators relevant for management. These include the result from current operations (RCO), the return on invested capital (ROIC), and the specific net CO_2 emissions. We also use revenue development, the RCOBD margin, and the leverage ratio as supporting information. With respect to the transformation topics of sustainability and digitalisation, we analyse data including revenue from sustainable products (see **Sustainable products and solutions section**) and the proportion of revenue that could be generated via digital interfaces by means of our HConnect product suite. More information on the key performance indicators and targets relevant for management can be found in the following section.

Management system and indicators

Components and functionality of the management system

We employ a value-oriented management system in order to evaluate and meet our strategic targets.

The management system at Heidelberg Materials is based primarily on annual operational planning, management and control during the year with regular Managing Board meetings and quarterly management meetings, central coordination of the investment process, and regular reporting to the Supervisory Board.

In the context of annual planning, the Managing Board first defines a top-down budget on the basis of macroeconomic data, external market data, an internal assessment of market conditions, and cost targets. From this, expected values are derived for all key targets at country and Group level, which are used as the basis of detailed planning for the individual operating units down to plant level and to agree targets with local management. The operational subplans created by the operating units are then consolidated centrally to create the Group-wide plan.

The management and control of the company during the year are carried out using a comprehensive system of standardised reports on the Group's assets, financial, and earnings position, as well as on specific net CO_2 emissions. The indicators used for this purpose are determined uniformly throughout the Group. On a monthly basis, reports on volumes and prices, the financial and earnings position, cash flow, investments, production and technology are prepared. Specific net CO_2 emissions are reported on a quarterly basis.

Adjusted free cash flow is one of the target figures for the country management. It is defined as the sum of free cash flow and all investments and divestments. Intra-Group payments are offset in the calculation. At the quarterly management meetings, the Managing Board and country and region managers discuss business developments, including target achievement, the outlook for the relevant year, and any measures that need to be taken. These are based, among other things, on the quarterly forecasts of the country organisations.

The Group departments Strategy & Development/M&A, Finance, and Environmental Social Governance (ESG) and the technical competence centers follow a formalised process to review and assess all major investments and acquisitions. Investments in expansion are assessed from a business perspective primarily on the basis of the repayment period in years, ROIC (return on invested capital), the impact on earnings, and CO_2 emissions. For this purpose, a discounted cash flow model and simulated calculations are produced that show the impact of an investment on the consolidated income statement, statement of cash flows, balance sheet, and tax position over a period of ten years.

With our permanent investment grade credit rating, we aim to ensure that a high level of financial stability is maintained. The valuation of the Group's financial strength is based on the leverage ratio, i.e. the ratio of net debt to result from current operations before depreciation and amortisation. In the medium term, we have set the target range for the leverage ratio at 1.5x to 2.0x.

The focus is on a consistent allocation of capital, allowing investments only if neither the achievement of the target leverage ratio nor the dividend payments are jeopardised.

Management indicators

Key financial and non-financial performance indicators

Indicator	Target	Term	Value 2024
RCO	€3.25 billion to €3.55 billion	2025	€3,204 million
ROIC	Around 10%	2025	9.9%
Specific net CO_2 emissions	400 kg CO_2 / t cementitious material	2030	527 kg CO_2 / t cementitious material

The key financial performance indicators for Heidelberg Materials include the result from current operations (RCO) and return on invested capital (ROIC). The Managing Board uses these KPIs to derive strategy and investment decisions.

As an important short-term indicator of the company's earnings strength and success, the RCO is determined, analysed, and forecast in detail for all operating units. It is therefore particularly suitable for assessing the company's economic development over time. The forecast target value is calculated on the basis of the prevailing economic conditions and the Group's financial situation.

The return on invested capital and thus internal value creation is expressed by ROIC. It is defined as the ratio of the result from current operations less the adjusted current tax expense to the average invested capital (average of the opening and closing balance sheets of the financial year). The adjusted current tax expense is calculated by applying an adjusted effective tax rate to the result from current operations. More information on the calculation of ROIC can be found in the **Capital efficiency section**. The target for 2025 is to achieve a ROIC around 10%. ROIC is also taken into account as a variable remuneration element in the long-term bonus of the Managing Board and top management. The financial and assets positions of the operating units are monitored in the short term primarily via the amount of net debt, free cash flow, and investments.

The strategic target of reducing our ecological footprint across the Group is important for all operational processes. By 2030, we want to lower our specific net CO_2 emissions to a target value of 400 kg of CO_2 per tonne of cementitious material. The CO_2 component links the remuneration of the Managing Board and the majority of the bonus-eligible employees to the reduction of our CO_2 emissions. For the calculation of specific net CO_2 emissions as defined by the Global Cement and Concrete Association (GCCA), both process-related and fuel-dependent emissions are taken into account. In accordance with the GCCA guidelines, all alternative fuels are considered carbon-neutral.

Leading indicators

Heidelberg Materials' core business is in homogeneous bulk goods that are generally ordered at short notice. Suppliers of such products are usually interchangeable from a customer standpoint. Moreover, the volume of construction activity – and thus volumes of building materials – are dependent on local weather conditions in the respective markets. Given these circumstances, no generally reliable leading indicators are definable for business forecasting. However, some selected statistical data and industry association forecasts can be utilised to gauge the approximate business development at country level. In mature markets, for instance, figures on building permits or infrastructure budgets serve as important sources of information. In the growth markets of emerging countries, data on population growth and GDP growth forecasts are frequently used indicators.

Research and development

The aim of research and development (R&D) at Heidelberg Materials is to develop innovative products and applications, new product formulations, and process improvements in order to lower energy consumption, conserve natural resources, strengthen the circular economy, and thereby reduce CO_2 emissions and costs.

Research and development activities at Heidelberg Materials can essentially be divided into the following areas of focus:

- Development of cements and concretes with improved carbon footprints: We are developing composite cements containing less clinker and concretes with lower cement content. Reducing the proportion of clinker in cement is one of the most important levers when it comes to minimising CO_2 emissions, and it helps to conserve natural raw materials.

- Development of new technologies for CO_2 reduction: We are implementing projects for carbon capture, utilisation, and storage (CCUS), which are essential tools to help our sector achieve net-zero emissions. We are also raising the proportion of biomass fuels and exploring the use of hydrogen as well as the electrification of our processes.

- Circular economy for concrete: We are working on innovative recycling technologies that allow demolition concrete to be fully reused in fresh concrete. We are also developing processes to incorporate CO_2 into our products by carbonating recycled hardened cement paste so that building materials can be used to store CO_2.

- Innovative concrete systems: The main priority is the development and improvement of binders and concretes with optimised properties and innovative functionalities, such as building material solutions for 3D printing or repair systems to reduce the amount of material used.

- Development of advanced automation solutions: With the help of artificial intelligence, we are looking for solutions to reduce energy consumption, keep our equipment in perfect condition, and maintain consistent product quality in our operations.

Organisation of our R&D activities

Our global competence centers Competence Center Cement (CCC), Competence Center Aggregates and Asphalt (CCA), and Competence Center Readymix (CCR), as well as the Global Research & Development (GRD) and Technologies & Partnerships (TP) teams, pool the knowledge available in our Group and serve as points of contact for all operating units.

In addition, the CCC also supports our cement plants in all technical matters, from securing raw materials and improving production and maintenance to process control and quality assurance. It also coordinates all strategic projects in the cement business line, from feasibility studies to commissioning.

The CCC supports Heidelberg Materials' digitalisation efforts by continuously increasing the number of remote-controlled facilities and the use of Expert Systems across the Group. Expert Systems are computer programmes that use rules to mimic human decision-making. By working with our plant teams, we now have more than 280 Expert Systems in place. As a result, mills and kilns can operate largely without human intervention, increasing material throughput and making energy savings of up to 5%.

Similarly, the CCA supports the aggregates and asphalt business lines across the Group with programmes for continuous improvement and performance management. Its tasks also include the planning and implementation of projects as well as digitalisation and automation. Furthermore, the CCA offers training to provide employees with additional skills.

The CCR, a comparable organisation for the ready-mixed concrete business line, focuses on the continuous optimisation of raw materials and logistics costs and on improving earnings by offering our customers innovative solutions.

R&D expenses and employees

Our research and development activities are key drivers of innovation. This includes central innovation hubs focused on the development of new technologies, improved processes, and breakthrough digital technologies, as well as the local optimisation of products and applications for an elevated customer experience.

Total expenditure on R&D amounted to €182.8 million in the reporting year (previous year: 129.4), corresponding to 0.9% of Group revenue (previous year: 0.6%). In 2024, capitalised development costs totalled €53.4 million (previous year: 34.1).

On a full-time equivalent (FTE) basis, 776 employees (previous year: 686) were part of R&D in the 2024 financial year.

Research cooperation

Cooperation with institutes and universities at both a local and global level complements our own R&D and innovation activities. At a global level, we refer in particular to our participation in the Innovandi research network. The network includes over 30 cement and admixture companies as well as more than 40 leading international universities, which all work together to carry out fundamental research with a key focus on decarbonisation of the sector.

In terms of product development, we prefer bilateral cooperation with individual universities in order to complement our know-how. In some cases, cooperative projects with universities are supported by public funding.

Important activities relating to digitalisation, preservation of resources, recycling, and carbon capture

Use of digital solutions

Heidelberg Materials is committed to increasing efficiency in and reducing the ecological footprint of its cement plants through a strategic digital initiative – the HProduce integrated digital product suite. In particular, work is being carried out to predict important quality parameters for production, such as cement strength. The intention is to help the on-site workforce to ensure stable and optimal production and thus reduce the ecological footprint. Another example is the "Planner" digital solution, which has already been introduced in more than 70 plants to support production planning and maximise operating activities at times when electricity costs are lower, also determined by the availability of renewable energies (e.g. wind and solar).

Root cause failure analysis (RCFA) is a digital solution now employed by almost 100 cement plants with a utilisation rate averaging more than 300 active monthly users. It has significantly facilitated systematic problem-solving processes. Not only does this tool make analysis documentation easier, it also promotes effective knowledge transfer between our plants. The installation of wired and wireless sensors on critical equipment in more than 40 plants is expected to lead to a noticeable reduction in maintenance costs and production downtime.

Use of alternative energies

To reduce Heidelberg Materials' carbon footprint and increase the use of alternative fuels, we launched the Alternative Fuel Master Plan in 2018. The alternative fuel rate, i.e. the proportion of alternative fuels[1] in the fuel mix, was around 31% in the 2024 financial year (previous year: 30%). Information on progress in the use of alternative fuels in the reporting year can be found in the **Non-financial statement chapter**.

Use of alternative raw materials

One of the most important ways of reducing CO_2 emissions in cement manufacturing is to use alternative raw materials that are generated as by-products or waste in other industries. A very large share of these alternative raw materials comes from the metal processing industry. Moreover, coal-fired power plants supply ash as well as synthetic gypsum. By using these materials and thus avoiding waste, we actively promote the circular economy. The systematic assessment of the suitability of all materials used ensures appropriate and consistent product characteristics.

Cements with lower proportions of clinker

We have made further progress in the development of cements containing less clinker and have reduced CO_2 emissions. In several countries, the proportion of blast furnace slag, fly ash, and limestone in cement has been increased, thus reducing the clinker content. We are also evaluating the use of alternative cement components, such as natural pozzolans and calcined clays, for various locations. Calcined clay production tests were successfully carried out at our plant in Ranville, France, with new cement based on calcined clay being produced and technically certified. Clinker ratio – the proportion of clinker in cement – was around 69% in the 2024 financial year (previous year: 70).

1) The figure corresponds to the definitions of the GCCA, but refers exclusively to the thermal energy required for kiln operations; this applies here and in the case of further mention, unless otherwise stated.

At our plant in Lixhe, Belgium, a new vertical mill for grinding pure limestone went into operation before the end of 2023. We are using this in Belgium and the Netherlands to produce low-clinker cement types in which limestone is used as the main ingredient rather than as a filler.

At our plant in Rezzato, Italy, we are due to complete our conversion of an unused mill to grind pure limestone in 2025, when it will then be put into operation. This will enable us to increase our market share of limestone cements and reduce the proportion of clinker. At our plant in Górażdże, Poland, we are installing a roller press that will allow us to grind limestone separately. This work should also be completed in 2025, when the roller press will go into operation. Thanks to this new installation, we will be able to introduce new cement types containing a higher proportion of limestone.

In the EU-funded MatCHMaker project, we are optimising the use of multi-component cements in concrete, including alternative components like calcined clay and recycled hardened cement paste. Methods such as machine learning and micromechanical modelling are being used to generate the necessary information about the mechanical properties and durability of the concretes, enabling their targeted optimisation.

Incorporation of CO_2 into concrete

Concrete binds CO_2 from the air throughout its entire service life. As a result of this natural carbonation, some of the CO_2 emitted in the production of the basic material cement is already reabsorbed over the product life cycle of concrete. Accelerating this natural process was the focus of the C_2 in CO_2 research project in collaboration with industry partners and universities, which was funded by the German Federal Ministry of Education and Research and completed in 2024. This enforced recarbonation of recycled concrete fines not only mineralises CO_2 to form limestone, but also produces a pozzolanic material that can replace clinker.

The objective of the EU-funded Carbon4Minerals project is to use CO_2 from industrial flue gases to reprocess existing and future waste products, which offers considerable potential to produce innovative, low-carbon binders and building materials. As part of the project, we have developed and are building a carbonation reactor for use of CO_2 from industrial flue gases at our plant in Górażdże, Poland, with a view to deploying the technology on a semi-industrial scale. The project also includes the production of low-carbon, belitic clinker for producing low-carbon binders and building materials. Other project partners are implementing further pilot plants, e.g. for amine-based carbon capture or carbonation hardening of concrete products.

Carbon capture, utilisation, and storage

The world's first industrial-scale carbon capture plant in the cement industry is taking shape at the Brevik cement plant in Norway. This facility will use amine technology to capture 400,000 tonnes or 50% of the plant's emissions annually. Mechanical completion of the CCS plant in Brevik was achieved in December 2024, and the project is now in the commissioning phase. In this phase, the plant's individual components will first be commissioned, then the plant will be gradually started up as part of hot commissioning and tested under real operating conditions to prepare it optimally for continuous operation. We will begin capturing CO_2 in the course of 2025.

At our cement plant in Edmonton, Canada, we are developing North America's first industrial-scale carbon capture and storage plant for the cement industry. The detailed front-end engineering design (FEED) study is currently being finalised. Our partner Enbridge Inc. is developing a carbon hub near Edmonton. Once built, the hub will transport the CO_2 and store it in geological formations. Two different pilot plants are currently in operation.

Another major CCUS project at our cement plant in Mitchell, Indiana, will capture 2 million tonnes of CO_2 emissions annually from the modernised production facility and store them in a nearby onshore reservoir in the Illinois Basin. In 2024, the company was selected for funding of up to US$500 million under the US Department of Energy's Industrial Demonstrations Program (IDP).

The ANRAV CCUS project in Bulgaria, which received a funding commitment from the EU Innovation Fund in 2022, was further developed in 2024. To support the ANRAV project, a pilot unit has been constructed and commissioned to provide valuable insights for future large-scale projects.

Together with three other European cement manufacturers, Heidelberg Materials has started to build an oxyfuel pilot kiln line in Mergelstetten, Germany, to test this technology and prepare for the construction of an industrial-scale installation using the knowledge gained. The pilot plant is expected to go into operation in 2025.

The GeZero project in Geseke, Germany, supported by the EU Innovation Fund aims to capture 700,000 tonnes of CO_2 per year, utilising advanced oxyfuel carbon capture technology in combination with a CO_2 purification and liquefaction plant. A CO_2 transport solution via rail is part of the planning until the necessary pipeline infrastructure is available. In addition, a local carbon storage facility will be built as an interim arrangement. Construction of the facility is scheduled to begin in 2026.

In Belgium, Heidelberg Materials intends to equip the Antoing plant with an innovative hybrid carbon capture unit. Once operational, the Anthemis project will reduce CO_2 emissions from the Antoing plant by more than 97%, equivalent to approximately 800,000 tonnes of captured CO_2 per year.

Following the successful completion of the LEILAC1 (Low Emissions Intensity Lime And Cement) project, the summary of the FEED study for LEILAC2 was published in 2023, detailing the engineering aspects of the planned transfer to industrial scale. Heidelberg Materials is working with the Australian technology company Calix and a European consortium to build a demonstration plant at the Ennigerloh cement plant in Germany. The new and improved design is intended to support cost-effective decarbonisation, scalable solutions for cement plant carbon capture, and a targeted capture rate of 100,000 tonnes per year.

Heidelberg Materials continues to work on optimising the technology to convert CO_2 into microalgae for the manufacture of a high-quality ingredient for fish food and other animal feed. We are producing 25 tonnes of dried microalgae annually on a 0.5 ha area at our Moroccan cement plant in Safi. Depending on demand, we aim to gradually expand capacity.

Innovative concretes

Digitalisation and automation in the construction industry are also being supported by the development of new building technologies, such as 3D printing with concrete. Our i.tech® 3D building material solution, specially developed for 3D printing, was used in pilot applications as early as 2020. By using low-carbon constituents (cement replacement materials) in i.tech® 3D, the amount of Portland cement can be reduced by up to 70%, achieving correspondingly large CO_2 savings. In addition, it has been demonstrated that, through optimised design and targeted material application, the 3D printing construction process can reduce material consumption by up to 75%, thus further reducing carbon emissions. In 2024, we produced fully load-bearing 3D printed prefabricated walls for a project in Italy, among other things.

Economic report 2024

Evaluation of the economic situation by Group management

In the 2024 financial year, the economic weakness in Europe in particular, persistently high financing costs, and ongoing volatile energy and raw material prices continued to determine construction activity and thus demand for our building materials. Following a slight recovery in the second half of the year, our building materials deliveries stabilised in all business lines.

The company was able to partially compensate for declines in demand with price adjustments. At €21,156 million, Group revenue was at the previous year's level. Lower energy costs and active cost management led to a 6.0% increase in the result from current operations (RCO). Earnings per share attributable to Heidelberg Materials AG shareholders decreased by €0.56 to €9.87.

In the reporting year, ROIC was 9.9% (previous year: 10.3%).

As part of our CO_2 roadmap, we were able to reduce specific net CO_2 emissions by a further 1.3% to 527 kg/t of cementitious material.

Heidelberg Materials completed the first of three tranches of its ongoing share buyback programme on 25 November 2024 and repurchased a total of around 3.6 million shares at a total price of around €350 million. The shares were cancelled.

The Managing Board considers Heidelberg Materials' operational and financial development in the 2024 financial year to be very good.

Economic environment

General economic conditions

Over the course of 2024, the global economy continued to develop moderately, with growth forecast of 3.2%, in a phase of moderate momentum and increased economic policy uncertainty, despite persistently high inflation and tight monetary policy in many countries. In many countries – especially in Europe – energy and raw material prices remained at a high level compared with the years prior to 2022. Further geopolitical tensions, such as the conflict in the Middle East and developments in Syria, have put additional strain on the global economy.

In Europe, economic development recovered slightly. In its January 2025 forecast for the eurozone, the International Monetary Fund (IMF) anticipated a slight increase in GDP of 0.8% in 2024. In France and Italy, growth was expected to be 1.1% and 0.6% respectively. In Germany, gross domestic product was expected to have fallen by 0.2% in 2024. In the United Kingdom, too, the IMF forecasted a weak increase in GDP of 0.9%.

In the USA, the economy continued to grow strongly in 2024, with lower inflation and falling interest rates. This growth was driven by private and public consumer spending and increases in exports, investments in equipment, and commercial construction – and supported by extensive government support programmes. According to the IMF, the US economy was expected to have grown by 2.8% overall in 2024. For Canada, the IMF anticipated growth of 1.3%.

In China, economic momentum slowed compared with the previous year, with growth expected to be 4.8%, as consumer demand in particular remained subdued due to the real estate crisis. The economies of India and Indonesia expanded strongly last year, with an anticipated growth of 6.5% and 5.0% respectively. The IMF expects an increase of 1.2% in Australia's GDP.

China's economic engagement in emerging markets in Africa also influences their economic development. With forecast growth of 3.8%, the emerging countries of sub-Saharan Africa are likely to have performed only slightly better than in 2023 due to the slower momentum in China. Together with population growth and gross domestic product per capita, economic growth is one of the most important indicators for measuring the development of construction activity in emerging countries.

The average value of the euro rose in 2024, in particular against the British pound, the Polish zloty, and the Moroccan dirham. Meanwhile, the value of the euro fell against the Australian dollar, the Canadian dollar, and the Indonesian rupiah. The value of the euro against the US dollar remained at the previous year's level.

In 2024, average energy prices for electricity, coal, and crude oil, for example, continued to fall compared with 2023. However, the decrease in prices was slight compared with the previous year and the overall market environment was more stable. Concerns about the lack of gas supplies from Russia and Gazprom's decision to stop supplying OMV in Austria, together with low feed-in from wind and solar power in the winter of 2024, have led to more volatile spot prices for electricity in Europe. Overall, in 2024 energy prices, especially in Europe, were still well above the level seen before 2022.

Industry-specific conditions

Besides the country-specific investment climate for residential, commercial, and infrastructure construction, industry-specific conditions also include local weather conditions, developments in the competitive situation, and the regulatory environment. As the production and marketing of building materials is localised and only represents a small percentage of global trade, we focus on the countries and regions that are relevant to us instead of taking a global view. Details of the development in the individual countries can be found in the **Business trend in the Group areas section**.

In the EU Emissions Trading System (EU ETS), companies are allocated a proportion of their emission allowances at no cost, according to industry-specific benchmarks, as long as they are affected by the risk of production being shifted abroad (carbon leakage). From 2026 onwards, this proportion will be reduced each year until there are no more free allowances available in 2034. Every company is required to submit sufficient emission allowances to cover its total emissions for the preceding financial year by a compliance deadline in September. In the EU ETS, if a company does not have enough emission allowances by the compliance deadline for production reasons, it must purchase allowances.

Although the Carbon Border Adjustment Mechanism (CBAM) will not officially start until 2026, we have been required to collect data on imported products, such as cement and clinker, since the fourth quarter of 2023. The average price of carbon allowances in the 2024 financial year was around €67, well below the 2023 value.

Development of volumes

In the 2024 financial year, construction activities and thus demand for our building materials were again determined by the only slight economic recovery, particularly in Europe, persistently high financing costs, and continued volatility in energy and raw material prices. Following a slight recovery in the second half of the year, our building materials deliveries stabilised in all business lines.

Overall, the Group's cement and clinker deliveries were slightly above the previous year's level, with variations in performance in the individual Group areas. While volumes declined slightly in the Europe Group area, North America in particular recorded a noticeable increase. Delivery volumes increased slightly in Asia-Pacific and Africa-Mediterranean-Western Asia.

Deliveries of aggregates declined slightly across the Group. While volumes increased slightly in Europe, they decreased noticeably in North America and significantly in Asia-Pacific and Africa-Mediterranean-Western Asia.

Deliveries of ready-mixed concrete also declined slightly. Slight volume growth in Asia-Pacific and Africa-Mediterranean-Western Asia was offset by a moderate decline in volumes in Europe and a significant decrease in volumes in North America.

Overall, asphalt deliveries recorded a moderate increase. The strong increase in volumes in North America and slight volume growth in Europe and Asia-Pacific more than offset the sharp downward trend in the Africa-Mediterranean-Western Asia Group area.

For a detailed description of the regional development of sales volumes, we refer to the **Business trend in the Group areas section**.

Earnings position

Consolidated income statement (short form)

€m	2023	2024	Difference
Revenue	21,178	21,156	-21
Result from current operations before depreciation and amortisation (RCOBD)	**4,258**	**4,499**	**241**
Depreciation and amortisation	-1,236	-1,295	-59
Result from current operations	**3,022**	**3,204**	**182**
Additional ordinary result	1	-436	-437
Earnings before interest and taxes (EBIT)	**3,023**	**2,768**	**-255**
Financial result	-174	-181	-7
Profit before tax from continuing operations	**2,849**	**2,586**	**-263**
Income taxes	-659	-704	-46
Net income from continuing operations	**2,190**	**1,882**	**-308**
Net income/loss from discontinued operations	-104	36	140
Profit for the financial year	**2,087**	**1,918**	**-169**
Thereof attributable to Heidelberg Materials AG shareholders	**1,929**	**1,782**	**-147**

At €21,156 million (previous year: 21,178), Group revenue was at the previous year's level. Excluding scope and currency effects, a decline of 1.7% was recorded. The decline in revenue was primarily due to lower volumes compared with the previous year. Changes to the scope of consolidation had a positive impact of €548 million, while currency effects had a negative impact of €213 million on revenue. Sustainable products accounted for 43% of revenue in the cement business line (previous year: 39%).

In the reporting year, material costs fell by 4.8% to €7,769 million (previous year: 8,160). This decline is largely due to lower energy costs. Excluding scope and currency effects, material costs declined by 6.4%. The material cost ratio decreased to 36.7% (previous year: 38.5%). Other operating expenses rose to €6,356 million (previous year: 6,269). Excluding scope and currency effects, there was a decline of 0.9%. Other operating income fell by 1.7% to €552 million (previous year: 562). Adjusted for scope and currency effects, the decline amounted to 10.0%.

Personnel costs rose by 1.6% to €3,470 million (previous year: 3,415), mainly due to scope effects. On a like-for-like basis, personnel costs were at the previous year's level. At €248 million (previous year: 234), the result from equity accounted investments (REI) was 6.3% above the previous year's level. Excluding scope and currency effects, the increase was 9.8% compared with the previous year. Earnings increases in Hong Kong and Australia in particular contributed to the higher result.

The result from current operations before depreciation and amortisation (RCOBD) rose by 5.7% to €4,499 million (previous year: 4,258). Excluding scope and currency effects, the RCOBD was up 4.2% on the previous year's level. The increase in earnings was attributable to increases in our sales prices and lower energy costs. The RCOBD margin was 21.3% (previous year: 20.1%). The result from current operations (RCO) rose by 6.0% to €3,204 million (previous year: 3,022). Changes to the scope of consolidation had a positive impact of €54 million on the RCO, while currency effects had a negative impact of €40 million. On a like-for-like basis, the RCO was 5.6% above the previous year's level.

The additional ordinary result amounted to –€436 million (previous year: 1). The additional ordinary income of €38 million primarily resulted from the disposal of property, plant and equipment of €18 million and reversals of impairment losses amounting to €13 million. The additional ordinary income of €165 million in the previous year included gains from the disposal of equity accounted investments and property, plant and equipment of €72 million, as well as reversals of impairment losses on equity accounted investments and property, plant and equipment amounting to €69 million.

The additional ordinary expenses amounted to €474 million and primarily resulted from impairments of property, plant and equipment, goodwill, and equity accounted investments of €263 million, restructuring expenses of €107 million, expenses of €35 million from additions to provisions for litigation risks, expenses of €25 million directly attributable to the change of name of our Group companies, expenses of €24 million in connection with the closure of locations, and incidental costs of €11 million in connection with company acquisitions. In the previous year, the additional ordinary expenses amounted to €164 million and consisted mainly of impairments of equity accounted investments and of other intangible assets and property, plant and equipment of €70 million, rebranding expenses of €20 million, and restructuring expenses of €19 million.

Earnings before interest and taxes (EBIT) fell by €255 million to €2,768 million (previous year: 3,023). The financial result declined by €7 million to –€181 million (previous year: –174). Profit before tax from continuing operations fell accordingly by €263 million to €2,586 million (previous year: 2,849).

At €704 million (previous year: 659), expenses for income taxes were €46 million above the previous year's value. The increase is primarily attributable to the lower utilisation of the special depreciation allowance in the USA, the rise in profit before tax in individual countries, and the use of tax loss carryforwards in previous years.

Net income from discontinued operations amounted to €36 million (previous year: net loss of 104) and includes income and expenses incurred in connection with discontinued operations of the Hanson Group in previous years and that result from provisions for damages and environmental obligations. The improvement is primarily attributable to income from the reversal of a provision of €62 million from the previous year.

Profit for the financial year fell to €1,918 million (previous year: 2,087). The result relating to non-controlling interests amounted to €137 million (previous year: 158). The profit for the financial year attributable to the shareholders of Heidelberg Materials AG fell by €147 million to €1,782 million (previous year: 1,929). Earnings per share attributable to Heidelberg Materials AG shareholders decreased by €0.56 to €9.87 (previous year: 10.43).

Business trend in the Group areas

Europe

Since 1 January 2024, the majority of the Northern and Eastern Europe Group area has been combined with Western and Southern Europe to form the Europe Group area, which now comprises 22 countries. In many of these markets, we produce cement, aggregates, and ready-mixed concrete. In a few selected countries, we are active in the business of recycling construction waste and demolition concrete. We produce precast concrete and concrete products in Germany and asphalt in the United Kingdom.

Economic development in the eurozone is expected to have remained at a low level, with the IMF (January 2025 and October 2024 forecasts) predicting GDP growth of 0.8%. This is mainly due to the decline of 0.2% in the German economy and the almost stagnating or only low growth in Western and Central European countries. In Eastern and Southern European countries such as Poland and Bulgaria, growth of 3.0% and 2.3% respectively is forecast, with GDP expected to increase by 2.9% in Spain and 2.3% in Greece.

The economic situation in the individual countries is also reflected in construction activity. In its forecast of December 2024, Euroconstruct expects construction activity in Europe to record a decline of 2.4% in 2024 compared with the previous year. This is likely to be due in particular to developments in France, where a decrease of 4.6% is predicted, Italy (–3.3%), and Germany (–2.8%). Construction activity is also expected to have declined in the Eastern European countries.

In January 2024, as part of its portfolio optimisation and focus on its core business, Heidelberg Materials sold its French cement transport business Tratel S.a.s. to five regional transport specialists. The disposal of the capital-intensive transport business in France puts a stronger focus on the key activities of Heidelberg Materials France and is part of the ongoing portfolio optimisation, which concentrates on the core business in promising market positions.

Following its mechanical completion, the CCS project in Brevik, Norway, is now entering the commissioning phase. The groundbreaking ceremony for the first large-scale CCU facility took place at the Lengfurt plant in Germany in cooperation with Linde. Further CCUS projects in the Europe Group area are at various stages of development. For example, the CCS project at the Antoing plant in Belgium was awarded the STEP Seal by the EU, which facilitates access to EU funding opportunities. A feasibility study for a decarbonisation project was carried out at the Rezzato plant, Italy (see the **Research and development chapter** and the **Non-financial statement chapter under Climate change**).

Cement business line

In 2024, the Europe Group area's cement and clinker sales volumes declined slightly. This is due to the development in the Western, Central, and Northern European countries. In contrast, an increase in volumes was achieved in all Eastern European countries.

As already announced in January 2024, clinker production at the Hanover cement plant was discontinued in the summer of 2024. The Hanover site will continue to operate as a grinding plant. This enables Heidelberg Materials to strengthen the capacity utilisation of its neighbouring Westphalian cement plants, which will now supply cement clinker to Hanover.

Heidelberg Materials will also continue to optimise its cement portfolio in Spain. In June 2024, the company decided to cease clinker production at its Añorga plant in northern Spain and to continue operating the site as a grinding plant. The clinker required to supply the markets in northern Spain and southwest France will be produced at the neighbouring Bilbao plant.

In April 2024, Heidelberg Materials also announced a location optimisation in its French cement business, which will result in the closure of its plants in Beffes (Cher department) and Villiers-au-Bouin (Indre-et-Loire department) in October 2025.

The adjustments come after a significant decline in cement sales volumes following weak construction demand in Western Europe due to the current economic environment as well as a stronger alignment of the company's cement portfolio towards carbon-reduced products, leading to the associated production of cements with a lower clinker content.

However, the adjustment of sales prices could not compensate for the decline in volumes. Revenue of the cement business line in the Europe Group area decreased by 3.1% to €4,901 million (previous year: 5,056). Excluding scope and currency effects, the decline amounted to 2.8%.

Aggregates business line

Since the 2024 financial year, the aggregates business line has also encompassed the recycling business.

To strengthen its activities in the circular economy sector, Heidelberg Materials acquired B&A Group, one of the leading construction soil and aggregates recycling companies in the southwest of the United Kingdom, in May 2024. The company specialises in the supply of recycled and primary aggregates as well as site clearance, earthworks, land remediation, and sustainable land regeneration. The acquisition of the Mick George Group, which was announced at the end of 2022, was also completed in May 2024. The company's activities include the recycling of construction and demolition waste in the east of the United Kingdom, and it operates four recycling facilities, eight waste transfer stations, eleven aggregates quarries, and ten ready-mixed concrete plants.

In Poland, an innovative plant for the selective separation of demolition concrete has gone into operation, enabling concrete to be fully recycled (see **Actions section of the Circular economy chapter**).

The Group area's deliveries of aggregates increased slightly in comparison with the previous year, with significantly higher figures in Poland, Czechia, and the United Kingdom – primarily as a result of scope impacts. The majority of the countries of Western and Northern Europe recorded noticeable declines in volumes. Volumes of the cross-border Mibau Group were slightly above the previous year's level.

At €2,337 million (previous year: 2,033), revenue of the business line was 15.0% above the previous year as a result of the increases in volumes and price adjustments. Excluding scope and currency effects, the rise amounted to 8.4%.

Ready-mixed concrete-asphalt business line

In the ready-mixed concrete business line, volumes fell moderately in comparison with the previous year. Significant declines in volumes in France, Spain, Poland, and most Northern European countries could not be offset by the increases in volumes in Bulgaria, Romania, Italy, and the United Kingdom.

Asphalt activities in the Group area are limited to the United Kingdom, where a slight growth in volumes was achieved.

Revenue of the ready-mixed concrete-asphalt business line fell by 4.1% to €2,930 million (previous year: 3,055). Excluding scope and currency effects, the decrease amounted to 5.8%.

Service-joint ventures-other business line

The service-joint ventures-other business line includes the precast concrete parts and concrete products operating lines in Germany and Northern Europe, with the Nordic Precast Group, which is active in Denmark, Estonia, Norway, and Sweden. Our joint ventures in Hungary and Bosnia-Herzegovina are also included in this business line. There are also joint ventures in some countries, particularly in the ready-mixed concrete business.

Revenue of the service-joint ventures-other business line fell by 15.4% to €817 million (previous year: 966), mainly due to the sharp market-related decline in revenue at Nordic Precast Group. Excluding scope and currency effects, the drop amounted to 24.0%. Revenue of our joint ventures is not included here, as these are accounted for at equity.

Revenue and results

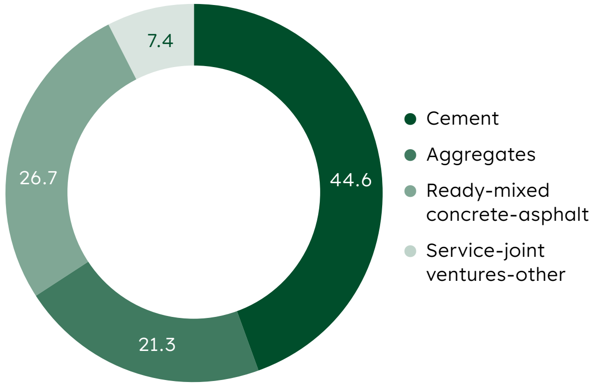
Price increases did not fully offset the decrease in volumes, which meant that revenue of the Europe Group area fell by 1.0% to €9,467 million (previous year: 9,566), mainly due to the sharp market-related decline in revenue at the Nordic Precast Group. Excluding scope and currency effects, the decline amounted to 3.4%.

Benefiting from a favourable development in energy and fuel prices as well as strict cost management, the result from current operations before depreciation and amortisation (RCOBD) of €1,885 million (previous year: 1883) remained at the previous year's level (+0.1%). The result from current operations (RCO) decreased by 1.7% to €1,344 million (previous year: 1,367). Excluding scope and currency effects, the RCOBD declined by 0.5% and the RCO by 0.7%.

Overview Europe

€m	2023	**2024**	Change
Revenue	9,566	9,467	-1.0%
Result from current operations before depreciation and amortisation	1,883	1,885	0.1%
Result from current operations	1,367	1,344	-1.7%
Employees as at 31 December (FTE)	23,229	22,958	-1.2%

Revenue Europe 2024 in %



North America

The United States of America and Canada form the North America Group area, where Heidelberg Materials produces cement, aggregates, ready-mixed concrete, and asphalt. In addition, concrete pipes are manufactured in Canada.

In its January 2025 forecast, the International Monetary Fund (IMF) predicts an increase in the USA's gross domestic product in 2024 of 2.8% compared with an increase of 2.9% in the previous year.

The American Portland Cement Association (PCA) expects total construction spending in 2024 to be 4.3% higher than in the previous year, as the growth in residential construction of 2.6% was outpaced by public construction growth of 5.6% and non-residential construction growth of 5.8%.

For Canada, the IMF predicts (January 2025 forecast) an increase of 1.3% in gross domestic product for 2024, compared with an increase of 1.5% in 2023.

Heidelberg Materials further expanded its presence in the core markets of the USA through acquisitions, thereby also expanding its portfolio of circular products in North America.

In July 2024, Heidelberg Materials acquired the main assets of Victory Rock, a producer of aggregates for concrete and asphalt with two quarries in Texas.

In August 2024, Heidelberg Materials acquired Highway Materials Inc., one of the largest independent suppliers of aggregates, asphalt, and recycled materials in the Greater Philadelphia market. The company, which employs more than 350 people, operates four crushed stone quarries, nine hot-mix asphalt plants, two clean fill operations, a concrete recycling facility and a construction services business. Also in August 2024, Heidelberg Materials acquired Carver Sand & Gravel, an aggregates producer in the Albany, New York, area. Included in this acquisition are four quarries, three sand and gravel pits, two asphalt plants, 70 million tonnes of aggregate reserves, a logistics business, and about 200 employees.

In November 2024, Heidelberg Materials entered into a definitive purchase agreement to acquire Giant Cement Holding Inc., a cement producer on the US East Coast with a focus on using waste-derived fuels. The acquisition includes one cement plant with an annual capacity of 800,000 tonnes of cement, two deep-water import terminals, five distribution terminals, and an alternative fuel recycling business. The transaction is subject to regulatory approval by American competition authorities.

Heidelberg Materials was selected in March 2024 for funding of up to US$500 million by the US Department of Energy to advance industrial-scale CCUS at its new state-of-the-art cement plant in Mitchell, Indiana. For the CCUS project in Edmonton, Canada, a detailed front-end engineering design (FEED) study is currently being completed (see **Research and development chapter**).

Cement business line

Cement and clinker volumes of our plants were moderately above the previous year. Deliveries in the Southeast region rose sharply due to the fly ash volumes of The SEFA Group, which was acquired in the previous year. Volumes in the Midwest region increased significantly in 2024 as our Mitchell cement plant commenced operations. While volumes in the Northwest region increased slightly, they recorded a significant decline in the Northeast region due to slower market activity.

Significant price increases in all regions more than offset the decrease in sales volumes. As a result, revenue of the cement business line increased by 2.1% in 2024 to €2,243 million (previous year: 2,196). On a like-for-like basis, excluding scope and currency effects, revenue of the cement business line increased by 0.5%.

In June 2024, Heidelberg Materials completed the conversion of its cement plant in Speed, Indiana, into a slag grinding facility. Following the opening of its new state-of-the-art cement plant in Mitchell last year, the company ceased portland cement production at the Speed plant and converted the facility to produce slag cement from locally sourced slag granules. Using slag cement in concrete production can reduce CO_2 emissions significantly. This will enable Heidelberg Materials to better meet the increasing demand for carbon-reduced products in the fast-growing Midwest market.

Aggregates business line

In the USA and Canada, Heidelberg Materials has a network of production sites for sand, gravel, and hard rock.

Total volumes declined moderately compared with the previous year. In 2024, we recorded volume increases in many core markets, with slight growth recorded in the Northeast and Southeast regions. Volumes in the Northwest region declined slightly, whereas volumes decreased significantly in the Southwest and Midwest regions. Price increases were implemented successfully in almost all market regions of the USA and Canada.

Revenue in the aggregates business line increased by 1.2% to €2,123 million (previous year: 2,098). On a like-for-like basis, revenue of the aggregates business line was 0.2% below the previous year's value.

Ready-mixed concrete and asphalt business line

Ready-mixed concrete volumes declined significantly in 2024 as a result of lower activity in key vertically integrated markets in the Northwest and Northeast regions. Strong price increases were implemented successfully in all market regions of the USA and Canada.

Asphalt volumes increased strongly year over year due to consolidation of Highway Materials in the Northeast region. The Northwest region recorded a significant increase in volumes as robust activity in core vertically integrated markets.

Revenue of the ready-mixed concrete-asphalt business line decreased by 2.9% to €1,108 million (previous year: 1,141). Excluding scope and currency effects, revenue reduced by 6.1%.

Service-joint ventures-other business line

This business line includes the concrete pipes operating line in the Northwest region and other associated activities, as well as our joint venture Texas Lehigh Cement Company LP, headquartered in Austin, Texas. The company, in which we hold a 50% share, operates a cement plant in Buda, Texas; its sales volumes decreased slightly compared with the previous year.

Revenue in the business line, which was mainly generated by the concrete pipes operating line, decreased by 0.6% to €334 million (previous year: 336). Excluding scope and currency effects, revenue decreased by 13.9%. Revenue of our joint ventures is not included here, as these are accounted for at equity.

Revenue and results

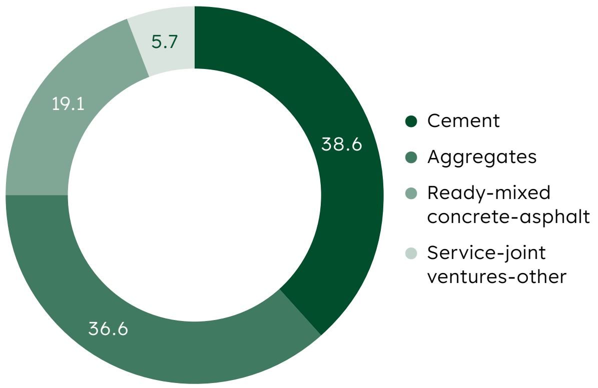
Total revenue in the North America Group area increased by 1.8% to €5,311 million (previous year: 5,219). On a like-for-like basis, excluding scope and currency effects, revenue was 1.1% below the previous year's level.

The result from current operations before depreciation and amortisation (RCOBD) rose significantly by 19.1% to €1,407 million (previous year: 1,181). The result from current operations (RCO) increased by 22.6% to €1,049 million (previous year: 856). Excluding scope and currency effects, RCOBD and RCO increased by 17.0% and 21.3%, respectively.

Overview North America

€m	2023	**2024**	Change
Revenue	5,219	5,311	1.8%
Result from current operations before depreciation and amortisation	1,181	1,407	19.1%
Result from current operations	856	1,049	22.6%
Employees as at 31 December (FTE)	8,247	8,639	4.8%

Revenue North America 2024 in %



Asia-Pacific

The Asia-Pacific Group area comprises nine countries. In Indonesia, the business is vertically integrated in cement, aggregates, and ready-mixed concrete. In India, Bangladesh, and Brunei, we operate solely in the cement business line. In Malaysia and Australia, we are active in aggregates, ready-mixed concrete, and asphalt, with fly ash also being supplied in Malaysia and recycled building materials for civil engineering and infrastructure projects in Australia. The Thailand business consists of ready-mixed concrete in addition to cement. We are also represented via a cement joint venture in Australia, two cement joint ventures in mainland China, and two joint ventures for ready-mixed concrete and aggregates in Hong Kong.

In its October 2024 forecast, the IMF anticipated economic growth in the Asia and Pacific region of 4.6%, compared with 5.0% in the previous year. The short-term outlook for the region has improved, although only moderate growth is still expected. Inflation has declined across much of the region, but rising geopolitical tensions, uncertainty about the strength of global demand, and financial volatility have further increased the risks. China's expected growth rate of 4.8%, reflecting the weakness of private consumption, private investment, and public finances, continued to be impacted by the correction in the real estate market. Growth in India is expected to have remained relatively strong in 2024 at 7.0%, as a better agricultural season has boosted consumption in rural areas and public infrastructure continues to be expanded. Growth in Indonesia and Malaysia is forecast to have been 5.0% and 4.8%, respectively, making it robust compared with 2023. Relative to other ASEAN countries, economic development in Thailand remains more subdued, with growth forecast at 2.8%. Bangladesh's short-term outlook has been negatively impacted by political turbulence, and growth is expected to have slowed to 5.4%. In Australia, inflation and high interest rates have weakened the growth rate from 2.0% in 2023 to an estimated 1.2% in 2024.

In May 2024, Heidelberg Materials acquired ACE Group, a supplier of pulverised fly ash in Malaysia. As part of the company's ongoing portfolio optimisation, the acquisition strengthens circularity within Heidelberg Materials' value chain in Southeast Asia. Reusing fly ash from energy generation contributes significantly to reducing the CO_2 intensity of composite cement. Used as an additive, fly ash can replace part of the energy-intensive clinker and thus reduce the CO_2 intensity of the cement.

Cement business line

Cement and clinker volumes in the Asia-Pacific Group area increased slightly in 2024, helped by the cement company PT Semen Grobogan in Indonesia, which was acquired in the previous year, and ACE Group in Malaysia.

In Indonesia, infrastructure expansion is an important driver of growth in the construction sector. The construction of the new capital in Kalimantan has been boosting demand outside Java and increasing bulk cement volumes. Since August 2024, however, the monthly volume has declined and returned to normal as most of the infrastructure projects in the first phase of construction have been completed. Weak purchasing power has hampered growth in residential construction, thus reducing demand for bagged cement. Cement and clinker volumes of our subsidiary Indocement increased moderately following the acquisition of the Grobogan plant in November 2023. Excess capacities and competitive pressures have limited the scope for passing on cost increases resulting from the devaluation of the local currency. The completion of various alternative fuel feed systems and the optimisation of logistics and sale costs through the acquisition of the Grobogan plant contributed to a slight improvement in the RCOBD margin.

The Indian construction industry continues to record robust growth, driven by government initiatives, urbanisation, and infrastructure projects. The commissioning of new cement capacities by competitors in central and southern India is weighing on our market share in the respective regions. Our cement and clinker deliveries declined noticeably compared with the previous year. An overall reduction in procurement costs and improved production efficiency helped to partially offset the loss in margins due to the price drop caused by intense competition in our core markets.

In Thailand, construction activity declined in 2024 due to delays in the approval of the national budget, which affected both large infrastructure projects and general public construction works nationwide. Private sector demand for residential and commercial construction was also weighed down by weak purchasing power growth, a rise in living costs, and persistently high interest rates. The cement volumes of our plants declined noticeably. Margins were improved despite the challenging market conditions. The capacity expansion of a solar farm by 10 MW to 30 MW and the commissioning of a separate limestone grinding plant in the reporting year will make a significant contribution to reducing production costs and CO_2 emissions at the Pukrang plant.

In Bangladesh, delays in government infrastructure projects have led to a slowdown in construction activity. Our cement deliveries decreased significantly compared with the previous year.

Delayed approvals of government projects have led to a decline in market demand for building materials in Brunei. The cement volumes of our grinding plant declined significantly.

Revenue of the cement business line declined by 7.3% to €1,833 million (previous year: 1,978). Excluding scope and currency effects, the decline amounted to 10.9%.

Aggregates business line

In 2024, our deliveries of aggregates decreased significantly overall.

In Australia, high inflation and high interest rates, as well as delays in major infrastructure projects, led to a significant decline in our aggregates volumes. Sales prices were slightly above the previous year's level, excluding currency effects. In Malaysia, our deliveries decreased slightly due to supply chain problems and wet weather. Aggregates volumes in Indonesia grew slightly.

Revenue of the aggregates business line increased by 0.4% to €664 million (previous year: 661). Excluding scope and currency effects, revenue increased by 1.1%.

Ready-mixed concrete-asphalt business line

Volumes of ready-mixed concrete increased slightly compared with the previous year.

Malaysia and Indonesia achieved significant volume growth as a result of economic recovery and investments from the private sector. In Thailand, on the other hand, volumes of ready-mixed concrete fell considerably due to delays in the approval of government infrastructure projects. Our volumes in Australia declined slightly on account of the slowdown in construction activity. To strengthen its presence in the Australian Capital Territory, Heidelberg Materials acquired the concrete business line of the Elvin Group, the largest concrete producer in the Canberra region, in December 2024.

Asphalt volumes increased slightly overall compared with the previous year. In Malaysia, our deliveries recorded significant growth, benefiting from the recovery of the construction industry thanks to the stable political situation, while demand in Australia fell sharply.

Revenue of the ready-mixed concrete-asphalt business line grew by 2.9% to €1,377 million (previous year: 1,338). Excluding scope and currency effects, the rise amounted to 3.7%.

Service-joint ventures-other business line

In addition to a few non-core activities in Indonesia, Malaysia, and Thailand, the service-joint ventures-other business line comprises the cement, aggregates, and ready-mixed concrete activities of our joint ventures in Australia, China, and Hong Kong.

Volumes of our joint ventures in China were adversely affected by the property sector crisis and the weak economy. Our joint venture Cement Australia benefited from higher sales prices. To further expand its presence in the attractive Australian market, Cement Australia entered into a contract in December 2024 to acquire the cement business of the Buckeridge Group of Companies, headquartered in Perth, Australia. The transaction includes a cement grinding plant and associated downstream activities. The transaction is subject to regulatory approval by Australian competition authorities.

Revenue of the business line, which was only generated by a few non-core activities in Indonesia, Malaysia, and Thailand, fell by 70.1% to €19 million (previous year: 65) due to internal reclassifications. Excluding currency effects, the decrease amounted to 69.7%. Revenue of our joint ventures in China and Hong Kong and of our joint venture Cement Australia is not included here, as these are accounted for at equity.

Revenue and results

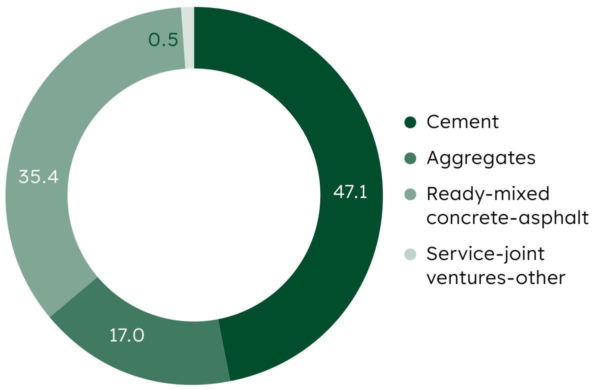
Revenue of the Asia-Pacific Group area declined by 4.0% to €3,555 million (previous year: 3,705). Excluding scope and currency effects, the decrease amounted to 5.5%.

The result from current operations before depreciation and amortisation (RCOBD) increased by 0.8% compared with the previous year to €648 million (previous year: 643). The result from current operations (RCO) rose by 1.6% to €405 million (previous year: 399). Excluding scope and currency effects, the RCOBD decreased by 6.8% and the RCO by 8.9%.

Overview Asia-Pacific

€m	2023	2024	Change
Revenue	3,705	3,555	-4.0%
Result from current operations before depreciation and amortisation	643	648	0.8%
Result from current operations	399	405	1.6%
Employees as at 31 December (FTE)	12,218	11,745	-3.9%

Revenue Asia-Pacific 2024 in %



Africa-Mediterranean-Western Asia

Since 1 January 2024, Kazakhstan and Russia have been included in the former Africa-Eastern Mediterranean Basin Group area. The Group area is now called Africa-Mediterranean-Western Asia and comprises 15 countries. We mainly manufacture cement in the Group countries south of the Sahara and in Western Asia. In South Africa, we have a stake in a grinding plant through a joint venture. In North Africa, we are active in the cement and ready-mixed concrete business in Morocco and Egypt, as well as in the aggregates business in Morocco. In the Eastern Mediterranean Basin, we have a presence in Israel and Turkey. In Israel, we mainly produce aggregates and ready-mixed concrete, and operate a cement import terminal as a separate line of business. Our joint venture Akçansa in Turkey is one of the country's largest cement manufacturers and also runs ready-mixed concrete and aggregates operations.

According to the October 2024 forecast by the IMF, economic growth in Sub-Saharan Africa is expected to have remained stable at 3.6% in 2024 and above the global average. Sustained demand for raw materials, strong population growth, urbanisation, and ongoing negotiations over free trade agreements were among the main drivers of growth. On the other hand, higher interest rates and continued pressure on exchange rates had a negative impact. In our largest markets, growth rates of 3.1% in Ghana, 5.4% in Tanzania, and 5.3% in Togo are anticipated. For the remaining countries, growth expectations range between 4.3% for Mozambique and 6.5% for Benin. In South Africa, growth is expected to be 1.1%.

Demand for building materials in the countries south of the Sahara stagnated in 2024 compared with the previous year. The market environment was characterised by varying local economic development with difficult global trade conditions as a result of geopolitical and regional tensions on the one hand and, on the other, by a young, rapidly growing population as well as increasing internal migration to cities and urban areas. Ghana's economy in particular is under pressure due to current hyperinflation. A key indicator is the rising per capita consumption of cement, which is still significantly lower in the Sub-Saharan countries than in more developed or industrialised countries. We believe that our production sites, which are primarily located close to urban centers, are well positioned to serve the growing demand for building materials.

According to the IMF's October forecast, gross domestic product in Morocco is estimated to have increased by 2.8% in 2024. This is higher than the expected economic growth of 2.4% in Egypt as per the IMF's January forecast, achieved despite a volatile economic situation.

Economic growth in Turkey has slowed further and is expected to have reached 2.8% in 2024 according to the IMF's January forecast. This growth is offset by hyperinflation and a weak local currency.

In Israel, economic growth declined further in 2024 and is expected to have been 0.7% according to the IMF's October forecast.

For Kazakhstan, the same IMF forecast anticipates that economic growth has fallen to 3.5%.

According to the IMF's October forecast for 2024, economic growth in Russia is expected to remain stable compared to the previous year.

In September 2024, Heidelberg Materials signed a strategic agreement to acquire Votorantim Cimentos' assets in Morocco with a view to further expanding its position in one of the most important growth markets in Africa. The transaction means the expansion of an existing minority stake in the cement and ready-mixed concrete company Asment de Témara to 63% and the acquisition of 100% of the shares in aggregates producer Grabemaro by Ciments du Maroc, Heidelberg Materials' subsidiary in Morocco. With this investment, Ciments du Maroc will expand its operations in the attractive Northern region of Morocco to include a cement plant with an annual capacity of 1.4 million tonnes of cement, two aggregates sites, and eight ready-mixed concrete plants. The company will also benefit from access to an alternative fuels platform. The transaction is subject to regulatory approval by Moroccan competition authorities.

In the 2024 financial year, we worked on expanding our product portfolio in our core markets to include further sustainable products. Our project for the production of calcined clay with our partner company CBI Ghana continues to make progress. In Egypt, our heat recovery system was put into operation in the reporting year. With regard to renewable energies, we are currently analysing and implementing plans for further solar plants to supplement the existing systems in various countries, including Morocco and Tanzania. We are also planning a plant in Morocco to increase the use of alternative fuels.

Cement business line

The cement and clinker sales volumes of the Africa-Mediterranean-Western Asia Group area increased slightly in the reporting year.

Overall, cement and clinker deliveries in sub-Saharan Africa rose significantly in 2024, mainly due to the acquisition of a new plant in Tanzania in November 2023.

In North Africa, cement and clinker deliveries recorded a slight increase in 2024, partly due to higher exports, thus offsetting the partial local sales declines.

In Western Asia, the slight fall in cement and clinker deliveries compared with the previous year was attributable to a difficult market environment.

Revenue of the cement business line rose slightly by 0.5% to €1,990 million (previous year: 1,981). Excluding scope and currency effects, revenue increased by 5.6%.

Aggregates business line

Aggregates deliveries of the Group area fell significantly in the reporting year, mainly due to lower sales volumes in the Mediterranean region.

Revenue of the aggregates business line decreased by 4.5% to €83 million (previous year: 87). Excluding scope and currency effects, revenue reduced by 14.7%.

Ready-mixed concrete-asphalt business line

Deliveries of ready-mixed concrete recorded a slight increase in 2024. Sales volumes of the asphalt operating line, which is only represented in the Mediterranean region, fell sharply.

Total revenue of the ready-mixed concrete-asphalt business line decreased slightly by 1.3% to €355 million (previous year: 360). Excluding scope and currency effects, revenue increased by 1.2%.

Service-joint ventures-other business line

The business line also includes our Turkish joint venture Akçansa. Akçansa's cement and clinker sales volumes increased slightly in comparison with the previous year.

Revenue of the business line, which was only generated by a few non-core activities, rose moderately by 6.2% to €38 million (previous year: 36). Excluding scope and currency effects, the rise amounted to 15.3%. Revenue of our joint venture Akçansa is not included here, as this is accounted for at equity.

Revenue and results

Revenue of the Africa-Mediterranean-Western Asia Group area increased by 0.2% to €2,295 million (previous year: 2,289) due to positive price development. Excluding scope and currency effects, revenue was up 4.6% on the previous year's level.

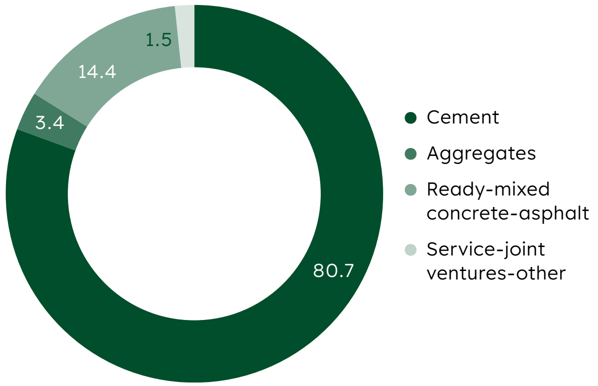
Currency devaluations in various Group countries and negative cost development partly associated with this led to a decline of 2.5% in the result from current operations before depreciation and amortisation (RCOBD) to €576 million (previous year: 590). At €450 million (previous year: 466), the result from current operations (RCO) was 3.4% below the previous year's level. Excluding scope and currency effects, the RCOBD and RCO increased by 1.5% and 2.1%, respectively.

Overview Africa-Mediterranean-Western Asia

€m	2023	2024	Change
Revenue	2,289	2,295	0.2%
Result from current operations before depreciation and amortisation	590	576	-2.5%
Result from current operations	466	450	-3.4%
Employees as at 31 December (FTE)	7,203	7,224	0.3%

Revenue Africa-Mediterranean-Western Asia 2024

in %



Group Services

The Group Services business unit mainly comprises the activities of Heidelberg Materials Trading. The latter is one of the world's largest trading companies for the international procurement, transport, and sale of cement, and supplementary cementitious materials, but also for fossil and alternative fuels as well as other building materials and additives via sea routes, both across the Group and for third-party customers. Volumes and revenue are roughly equally split between Group and third-party customers. Heidelberg Materials Trading optimises the utilisation of our production worldwide by balancing supply and demand for cement and clinker.

Heidelberg Materials Trading operates a network of offices around the globe and supports its customers locally. The company manages deliveries to customers in Europe and Africa from its headquarters in Heidelberg, Germany. It supports customers in North, Central, and South America from its location in Miami, Florida, USA. In Asia, in addition to the main location in Singapore, Heidelberg Materials Trading is also represented in Dubai. Shipping logistics are provided from Istanbul and Dubai.

The trade volume of Heidelberg Materials Trading increased significantly in 2024 due to higher clinker, slag, and coal volumes. In the reporting year, Heidelberg Materials Trading supplied customers in around 70 importing countries with more than 1,100 shipments from over 30 exporting countries. The majority of the deliveries went to Africa, Europe, and the Americas. Egypt, Turkey, USA, and Indonesia were among the main export countries.

Revenue and results

Revenue of the Group Services business unit increased by 2,9% to €1.296 million (previous year: €1.260 million) in light of higher volumes.

The result from current operations before depreciation and amortisation rose by 21.0% to €38 million (previous year: €31 million), driven by falling purchase and freight prices as well as strict cost management. The result from current operations improved by 20.4% to €37 million (previous year: 31).

Overview Group Services

€m	2023	2024	Change
Revenue	1,260	1,296	2.9%
Result from current operations before depreciation and amortisation	31	38	21.0%
Result from current operations	31	37	20.4%
Employees as at 31 December (FTE)	100	125	25.0%

Statement of cash flows

Consolidated statement of cash flows (short form)

€m	2023	2024	Difference
Cash flow	3,654	3,567	-86
Changes in working capital	-205	-110	95
Decrease in provisions through cash payments	-221	-201	19
Cash flow from operating activities – continuing operations	**3,228**	**3,256**	**28**
Cash flow from operating activities – discontinued operations	-23	-24	-1
Cash flow from operating activities	**3,205**	**3,232**	**27**
Investments (cash outflow)	-1,850	-2,143	-293
Divestments (cash inflow)	370	330	-40
Cash flow from investing activities	**-1,480**	**-1,813**	**-333**
Capital increase of non-controlling interests	1	32	31
Dividends	-579	-661	-82
Acquisition of treasury shares	-298	-350	-52
Changes in ownership interests in subsidiaries		-33	-33
Net change in bonds, loans and lease liabilities	1,011	-439	-1,449
Cash flow from financing activities	**135**	**-1,450**	**-1,585**
Effect of exchange rate changes	-48	-14	33
Change in cash and cash equivalents	**1,812**	**-46**	**-1,858**

As a result of the positive operating business development and the improvement in working capital, cash inflow from operating activities increased by €27 million to €3,232 million (previous year: 3,205) in the 2024 financial year. The increase in income tax payments of €161 million to €684 million (previous year: 522) resulted mainly from higher prepayments, including in the USA, and from tax refunds received for previous years. The reasons for the increase in prepayments are a lower utilisation of special tax depreciation in the USA, the rise in profit before tax in individual countries, and the use of tax loss carryforwards in previous years. The increase in working capital led to a cash outflow of €110 million in the financial year (previous year: 205). This represents an improvement of €95 million compared with the previous year. The increase in factoring programmes in the reporting year reduced working capital by €11 million. The previous year saw an increase in working capital of €131 million due to a reduction in factoring programmes.

Cash outflow from investing activities rose by €333 million to €1,813 million in the reporting year (previous year: 1,480). This was mainly due to the increase in cash-relevant investments, which rose by €293 million to €2,143 million (previous year: 1,850), mainly as a result of acquisitions. Payments for the acquisition of property, plant and equipment and intangible assets less government grants received increased slightly by €65 million compared with the previous year to €1,300 million (previous year: 1,235). Payments for the acquisition of subsidiaries and other business units, less cash and cash equivalents acquired, rose by €360 million to €774 million (previous year: 414). The payments mainly related to the acquisition of Highway Materials Inc., Carver Sand & Gravel LLC, as well as significant assets of Victory Rock USA LLC in the USA, the Mick George Group and B&A Group in the United Kingdom, the ACE Group in Malaysia, and the ready-mixed concrete operating line of the Elvin Group in Australia. In the previous year, the payments resulted mainly from the acquisition of The SEFA Group in the USA, RWG and the SER Group in Germany, PT Semen Grobogan in Indonesia, and Tanga Cement PLC in Tanzania. Investments in financial assets, associates, and joint ventures amounted to €68 million (previous year: 200), of which €32 million was attributable to capital contributions to associates and other financial investments and €30 million to the granting of loans. Payments in the previous year mainly related to the acquisition and granting of loans totalling €151 million. Investments for maintenance and optimising our capacities amounted to €955 million (previous year: 1,059), and €1,187 million (previous year: 791) related to capacity expansions.

Regarding the cash-relevant divestments of €330 million (previous year: 370), proceeds of €128 million (previous year: 208) related to the disposal of financial assets, joint ventures, and associates. Proceeds in the reporting year mainly resulted from the repayment of loans amounting to €110 million, whereas proceeds in the previous year mainly related to the disposals of the joint venture in Georgia and the Chaney Group in the USA. Proceeds from the disposal of subsidiaries and other business units less the cash and cash equivalents disposed of amounted to €51 million in the reporting year (previous year: 27) and primarily related to the sale of the French cement transport business and the divestment of ready-mixed concrete sites and aggregates quarries to comply with competition law requirements in connection with the acquisition of the Mick George Group. Proceeds in the previous year primarily resulted from the sale of the business in the Madrid region of Spain. Proceeds from the sale of intangible assets and property, plant and equipment in the reporting year amounted to €151 million (previous year: 136).

Financing activities generated a cash outflow of €1,450 million in the reporting year (previous year: cash inflow of 135). The continuation of the progressive dividend policy at Heidelberg Materials AG resulted in a dividend payment of €546 million (previous year: 484). Dividend payments to non-controlling interests increased by €19 million to €114 million (previous year: 95). The first tranche of the Heidelberg Materials AG 2024-2026 share buyback programme resulted in payments for the acquisition of treasury shares totalling €350 million in the financial year. In the previous year, treasury shares were repurchased for a total of €298 million under the third tranche of the 2021-2023 share buyback programme. The cash outflow in the financial year arising from the net proceeds from and repayment of bonds and loans of €439 million mainly included the issue of two bonds with a total volume of €1.2 billion, the repayment of two bonds with a total volume of €1.4 billion, and the repayment of lease liabilities amounting to €255 million. In the previous year, the cash inflow of €1,011 million was mainly due to the issue of two bonds with a volume of €1.5 billion and the repayment of lease liabilities amounting to €233 million.

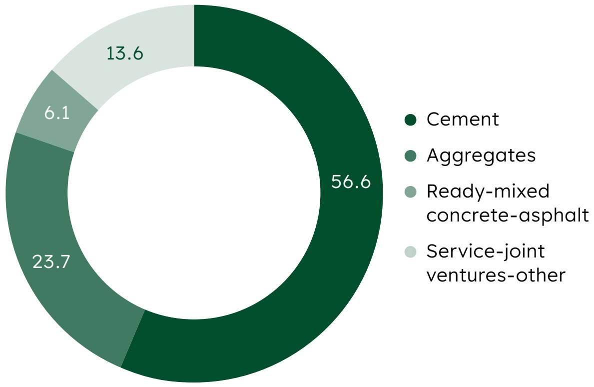
In the 2024 financial year, Heidelberg Materials was able to meet its payment obligations at all times.

Investments

Investments

€m	2023	2024	Change
Europe	634	715	12.7%
North America	337	281	-16.6%
Asia-Pacific	143	185	29.0%
Africa-Mediterranean-Western Asia	108	104	-4.1%
Group Services	13	15	-3.7%
Financial assets and other business units	614	843	37.1%
Total	**1,850**	**2,143**	**15.8%**

Investments in property, plant and equipment[1) by business lines 2024 in %



1) Incl. intangible assets

In the 2024 financial year, Heidelberg Materials increased its investments by €293 million to €2,143 million (previous year: 1,850). The following investments and divestments were made as part of the ongoing portfolio optimisation.

Payments for the acquisition of property, plant and equipment and intangible assets less government grants received increased by €65 million compared with the previous year to €1,300 million (previous year: 1,235).

Investments in property, plant and equipment primarily served to optimise our production facilities and reduce CO_2 emissions. They include, among other things, the mechanical completion of our carbon capture and storage (CCS) plant at the Brevik cement plant in Norway, which was completed on schedule in 2024. Major capital expenditure also related to the modernisation of the kiln lines at our cement plants in Airvault, France, and Mokra, Czechia.

Net investments in property, plant and equipment (investments in and divestments of property, plant and equipment after deduction of grants) amounted to €1,063 million (previous year: 1,042) in the 2024 financial year. In the reporting year, government grants amounted to €110 million (previous year: 94). Of this amount, €77 million was attributable to the CCS project in Brevik, Norway, and €21 million to the CCUS project in Edmonton, Canada. On the reporting date, there were contractual investment obligations to acquire property, plant and equipment of €343 million (previous year: 399).

Investments in subsidiaries and other business units as well as investments in financial assets, associates, and joint ventures, increased by €228 million to €843 million (previous year: 614). We have mainly continued to expand our presence in key core markets and strengthened our activities relating to the circular economy. In the USA, these expansions include the acquisitions of Highway Materials in the Greater Philadelphia market, Carver Sand & Gravel in the Albany, New York, area and Victory Rock in Texas. In the United Kingdom, Heidelberg Materials completed the acquisition of the Mick George Group, which is active in the recycling of construction and demolition waste, among other things. Heidelberg Materials also acquired B&A Group, a company specialising in the recycling of construction soil and aggregates. Other significant investments included the acquisition of the business of the Elvin Group in Australia as well as the ACE Group, a supplier of pulverised fly ash in Malaysia.

Regarding the divestments of €330 million (previous year: 370), proceeds of €151 million (previous year: 136) related to the sale of intangible assets and property, plant and equipment. In the reporting year, proceeds also resulted essentially from the repayment of loans, the sale of the French cement transport business, and divestments due to requirements imposed by the competition authorities as part of the takeover of the Mick George Group. Proceeds in the previous year primarily resulted from the disposals of the joint venture in Georgia and the Chaney Group in the USA.

Consolidated balance sheet

Consolidated balance sheet (short form)

€m	31 Dec. 2023	31 Dec. 2024	Difference
Assets			
Intangible assets	8,685	9,420	736
Property, plant, and equipment	14,150	14,801	651
Financial assets	2,657	2,719	62
Other non-current assets	1,158	1,161	3
Inventories	2,670	2,857	187
Trade receivables	2,005	2,109	104
Other current assets	4,147	4,235	88
Balance sheet total	**35,471**	**37,302**	**1,830**
Equity and liabilities			
Equity	18,375	19,975	1,600
Financial liabilities	8,619	8,558	-62
Pension provisions	764	694	-70
Other provisions	1,684	1,793	109
Trade payables	3,157	3,289	132
Other liabilities	2,873	2,993	121
Balance sheet total	**35,471**	**37,302**	**1,830**

In comparison with 31 December 2023, the balance sheet total as at 31 December 2024 rose by €1,830 million to €37,302 million (previous year: 35,471). The following notes explain the significant changes in the balance sheet items.

Non-current assets increased by €1,451 million to €28,100 million (previous year: 26,649). Intangible assets increased by €736 million to €9,420 million (previous year: 8,685). Adjusted for currency effects of €290 million, the increase amounted to €446 million, which is primarily attributable to goodwill and acquired customer relationships from the business combinations in the reporting period. Property, plant and equipment rose by €651 million to €14,801 million (previous year: 14,150). Adjusted for currency effects of €291 million, there was an increase of €360 million. Additions mainly from business combinations of €578 million and other additions to property, plant and equipment of €1,449 million were offset by depreciation and amortisation and loss allowances of €1,425 million, as well as disposals and reclassifications to current assets totalling €227 million.

Current assets increased by €250 million to €9,049 million (previous year: 8,799). Assets held for sale increased by €129 million to €153 million (previous year: 23) and include the assets of La Cimenterie de Lukala, DR Congo, as at the reporting date.

On the equity and liabilities side, equity increased by €1,600 million to €19,975 million (previous year: 18,375). The profit for the period amounted to €1,918 million. The currency translation reserve increased by €698 million, mainly as a result of the strong appreciation of the US dollar and the British pound against the euro. The first tranche of the 2024-2026 share buyback programme was completed in the financial year with the acquisition of 3,637,360 shares for a total of €350 million. In addition, dividends of €546 million and €115 million respectively were distributed to shareholders of Heidelberg Materials AG and to non-controlling interests.

Other provisions increased by €109 million to €1,793 million (previous year: 1,684). The increase is mainly attributable to higher restructuring provisions in connection with the closure of locations.

At €8,558 million (previous year: 8,619), financial liabilities were slightly below the previous year's level. Net debt remained virtually unchanged at €5,293 million (previous year: 5,294). The leverage ratio – the ratio of net debt to result from current operations before depreciation and amortisation (RCOBD) – was 1.18x as at 31 December 2024 (previous year: 1.24x).

Key financial ratios

	2023	2024
Assets and capital structure		
Equity/balance sheet total	51.8%	53.5%
Net debt/balance sheet total	14.9%	14.2%
Equity + non current liabilities/fixed assets	110.2%	111.5%
Leverage ratio	1.24	1.18
Gearing (net debt/equity)	28.8%	26.5%
Earnings per share		
Earnings per share (€)	10.43	9.87
Profitability[1]		
Return on total assets before taxes[1]	8.6%	7.7%
Return on equity[2]	11.9%	9.4%
Return on revenue[3]	10.3%	8.9%

1) Result before tax from continuing operations + interest expenses/balance sheet total
2) Net income from continuing operations/equity
3) Net income from continuing operations/revenue

Capital efficiency

Return on Invested Capital (ROIC)

€m	2023	2024
Result from current operations	3,022	3,204
Adjusted current tax expense on result from current operations	-649	-830
Net operating profit after taxes	**2,374**	**2,374**
Equity (incl. non-controlling interests)	18,375	19,975
Net debt	5,294	5,293
Loans and financial investments	-293	-206
Current interest-bearing receivables	-144	-119
Invested capital	**23,232**	**24,944**
Average invested capital	**23,023**	**24,088**
Return on Invested Capital (ROIC)	**10.3%**	**9.9%**

In the 2024 financial year, ROIC (return on invested capital) was 9.9% (previous year: 10.3%). Currency effects, in particular the strong appreciation of the US dollar and the British pound against the euro at the end of the year, had a negative impact on ROIC. Adjusted for currency effects, ROIC was 10.1% in the 2024 financial year.

The adjusted current tax expense is calculated by applying an adjusted tax rate on the result from current operations. The tax rate is determined by taking the actual tax expense (excluding the deferred tax expense) of the current financial year divided by the profit before tax adjusted for allowances pursuant to IAS 36.

The invested capital is calculated as the average of the opening balance sheet – which corresponds to the closing balance sheet of the previous year – and the closing balance sheet of the reporting year. The invested capital is calculated in the opening balance sheet in the same way as in the closing balance sheet at the end of the respective reporting period.

Group financial management

Financial principles and targets

The aim of financial management at Heidelberg Materials is to ensure the Group's liquidity at all times. Our external financing is primarily guaranteed by capital markets and a group of major international banks.

In line with the Group strategy, the focus on sustainability also plays an important role in our financing measures. The Green Finance Framework introduced in May 2024 enables Heidelberg Materials to use green bonds to finance sustainability-related projects. These projects meet the selection criteria defined in this framework in relation to climate change mitigation and the transition to a circular economy, or will meet them in the future. The programme complements the Sustainability-Linked Financing Framework published in 2022, which defines key performance indicators (KPIs) and related targets that can be used for the issue of various sustainability-linked financing instruments.

Within the Group, the principle of internal financing applies. Financing requirements of subsidiaries are – where possible – covered by internal loan relationships. The Group companies use either liquidity surpluses from other subsidiaries in cash pools or are provided with intra-Group loans from our finance company Heidelberg Materials Finance Luxembourg S.A. (HM Finance Luxembourg S.A.) based in Luxembourg or Heidelberg Materials AG.

In some cases, the Group Treasury department also supports subsidiaries in obtaining credit lines with local banks in order to accommodate legal, tax, or other conditions. Local financing exists only to a limited extent.

The following table shows the Group's financial liabilities.

Financial liabilities

€m	31 Dec. 2023	31 Dec. 2024
Bonds payables	6,861.5	6,677.6
Bank loans	290.3	374.7
Lease liabilities	1,088.5	1,143.6
Non-controlling interests with put options	79.3	87.7
Derivative financial instruments	194.9	151.6
Miscellaneous other financial liabilities	104.9	122.5
Total	**8,619.4**	**8,557.7**

Financing measures

With available liquidity, we repaid a bond with a nominal value of €750 million and a coupon of 2.25% as scheduled on 3 June 2024. In addition, a bond with a nominal value of €650 million and a coupon of 2.50% was repaid as scheduled on 9 October 2024. Under our EMTN programme, we issued two green bonds under the above-mentioned Green Finance Framework in 2024. The green bond issued on 19 June 2024 with a nominal value of €700 million has a coupon of 3.95% and a term ending on 19 July 2034. The green bond issued on 24 September 2024 with a nominal value of €500 million was placed with a coupon of 3.375% and a term ending on 17 October 2031.

On 4 December 2024, we received the funds from the European Investment Bank loan of €100 million with a term of six years. The loan agreement was signed in December 2023 and will be used to finance operational expenditure on research, development, and innovation in relation to innovative products and process improvements with the aim of reducing CO_2 emissions.

Over the course of 2024, we were able to issue a total volume of €420 million via one of our sustainability-linked financing instruments – the 2 billion Multi-Currency Sustainability Target Commercial Paper Programme. Issuance activity under this programme was gradually reduced in order to limit excess liquidity. As at 31 December 2024, none of the commercial papers issued by Heidelberg Materials AG remained outstanding.

In March 2024, the term of the sustainability-linked syndicated credit facility of €2 billion arranged in 2022 was extended by one year to 11 May 2029 in accordance with the terms of the agreement. The sustainable key performance indicators are the specific net CO_2 emissions per tonne of cementitious material, the alternative fuel rate, and the lost time injury frequency rate (LTIFR)[2]. The target achievement of these KPIs has an impact on the credit margin. The credit facility essentially serves as liquidity back-up and can be used for cash drawdowns in an amount of €1,698 million as well as for letters of credit and guarantees in an amount of €302 million. As at 31 December 20224, only €195 million had been drawn down for guarantees.

Overall, it is ensured that, as at the reporting date, all Group companies have sufficient headroom for cash drawdowns as well as for letters of credit and guarantees to enable them to finance operational business and investments in the long term.

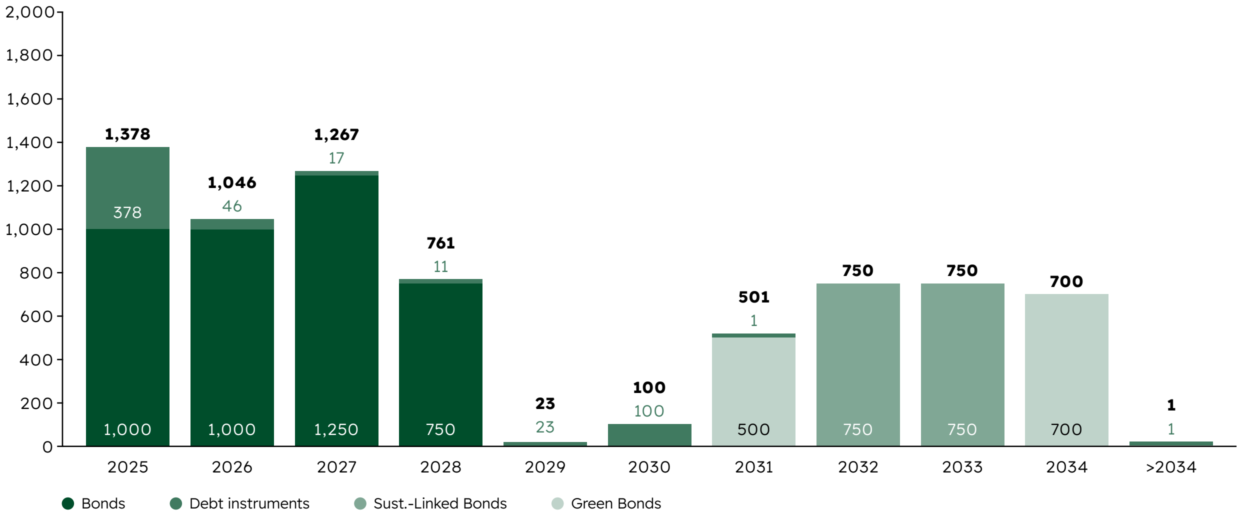
Liquidity instruments

€m	31 Dec. 2024
Cash and cash equivalents	3,220.1
Liquidable financial investments and derivative financial instruments	39.5
Free credit line	1,917.9
Free liquidity	**5,177.5**

2) Number of accidents (with at least one lost working day) suffered by Group employees per 1,000,000 working hours

Heidelberg Materials has a long-term financing structure and a well-balanced debt maturity profile.

Debt maturity profile as at 31 December 2024[1] in €m



1) Excluding reconciliation adjustments of liabilities of €-101.8 million (accrued transaction costs, issue prices, and fair value adjustments) as well as derivative liabilities of €151.5 million. Excluding also puttable minorities with a total amount of €87.7 million; excluding financial lease liabilities.

Rating

In the 2024 financial year, the company's credit rating by the rating agencies Moody's Investors Service and S&P Global Ratings was unchanged at Baa2 and BBB, respectively. The outlook for our credit rating is unchanged at stable.

Ratings as at 31 December 2024

Rating agency	Long-term rating	Outlook	Short-term rating
Moody's	Baa2	Stable	P-2
Standard & Poor's	BBB	Stable	A-2

Comparison of outlook and actual figures

The RCO developed in line with the 2023 outlook and amounted to €3,204 million. As forecast, ROIC reached a value of around 10%.

As per the 2024 outlook, we succeeded in slightly reducing our specific net CO_2 emissions by 1.3%.

Comparison of the key performance indicators 2024 with the outlook

	2023	Outlook 2023 (adjustment during the year)	**2024**
RCO	€3,022 million	€3.0 billion to €3.3 billion (9M: €3.1 billion to €3.3 billion)	€3,204 million (+6.0%)
ROIC	10.3%	Around 10%	9.9%
Specific net CO_2 emissions	534 kg CO_2/t cementitious material	Slight reduction	527 kg CO_2/t cementitious material (−1.3 %)

Events occurring after the close of the 2024 financial year

On 21 February 2025, the Managing Board of Heidelberg Materials AG resolved to cancel all 3,637,360 treasury shares purchased under the first tranche of the 2024-2026 share buyback programme in the period from 23 May to 25 November 2024, with a reduction of €10,912,080 in the subscribed share capital. This corresponds to approximately 2.00% of the company's subscribed share capital before cancellation and capital reduction. The Supervisory Board approved the cancellation on 24 February 2025. Following the cancellation of the shares and the capital reduction, the subscribed share capital of Heidelberg Materials AG amounts to €535,292,280 and is divided into 178,430,760 no-par value shares, each representing a notional amount of €3.00 of the subscribed share capital.

Statements on Heidelberg Materials AG

In addition to the Group management reporting, the parent company's development is described below. The annual financial statements of Heidelberg Materials AG are prepared in accordance with German commercial law. Heidelberg Materials AG's management report is combined with that of the Group pursuant to section 315(5) of the German Commercial Code (Handelsgesetzbuch, HGB), as the business trend, economic position, and future opportunities and risks of the parent company are closely linked with the Group on account of their common activity in the building materials business.

As the parent company, Heidelberg Materials AG plays the leading role in the Group. It is also operationally active in Germany in the cement business line with eleven cement and grinding plants. According to the Managing Board's resolution, clinker production at the Hanover cement plant was discontinued in the summer of 2024. The Hanover site will continue to operate as a grinding plant. The results of Heidelberg Materials AG are significantly influenced by its directly and indirectly held subsidiaries and participations. Regarding financing, Heidelberg Materials AG plays the key role within the Group. The outlook for the Group also applies to Heidelberg Materials AG. Deviations are described below.

Earnings position

Revenue in the cement business line fell moderately by €52 million to €725 million (previous year: 777) on account of weakening demand. Revenue from intra-Group services rose by 12% to €299 million (previous year: 267) as a result of extensive tasks in the context of the leading role within the Group and the associated ongoing centralisation of Group functions as well as the expansion of the range of services offered. Overall, total revenue of Heidelberg Materials AG fell by €20 million to €1,024 million (previous year: 1,044).

Compared with the 2023 financial year, material costs decreased by €54 million to €332 million (previous year: 386). This was primarily due to the lower sales volumes as well as lower energy costs in the 2024 financial year. Personnel costs fell by €26 million to €279 million (previous year: 305), mainly on account of the change in pension provisions. Overall, operating result decreased by €1 million to €43 million (previous year: 44).

In connection with the planned shutdown of the clinker production facilities in Hanover, extraordinary write-downs of fixed assets amounting to €19.2 million and inventories of €2.2 million were recognised in the reporting year, and provisions for restructuring measures amounting to €20.1 million were recognised. In addition, the existing recultivation provisions for the quarries were increased by €0.6 million to a total of €2.6 million as at the reporting date. In addition to the restructuring measures, higher additions to the recultivation provisions, higher software costs, and higher internal recharge expenses led to an overall increase in other operating expenses.

Income from profit transfer agreements of €1,174 million (previous year: 992) was exclusively attributable to Heidelberg Materials International Holding GmbH, whose profit in the reporting year was mainly influenced by dividends of its subsidiaries in the amount of €880 million. Result from participations amounted to €34 million (previous year: 12) in the financial year.

Other interest and similar income decreased by €32 million to €250 million (previous year: 282). At the same time, interest and similar expenses rose by €95 million to €697 million (previous year: 602). Both developments are primarily due to the increase in intra-Group financing activities. As part of the Group-wide financing and liquidity management measures, currency positions arise that are hedged by means of external foreign exchange transactions, which are appropriate in terms of maturities and amounts. As these hedging transactions do not, as a rule, relate to any valuation units, currency and interest gains or currency and interest losses may arise. In accordance with the imparity principle, provisions for risks arising from hedging transactions were recognised at the end of the year to the extent of the negative market values of the currency swaps of €5 million (previous year: 5). In the reporting year, the currency result fell to –€17 million (previous year: 2).

The income tax expense of €79 million (previous year: 45) increased by €21 million in comparison with the previous year due to an increased taxable result for the current year and an increase of €13 million in the taxes for previous years.

Profit for the 2024 financial year totalled €787 million (previous year: 806). Balance sheet profit amounted to €607 million (previous year: 566).

Balance sheet

The balance sheet total increased by €0.6 billion compared with the previous year to €28.4 billion (previous year: 27.8). Total fixed assets remained unchanged at €24.8 billion (previous year: 24.8). The increase in current assets of €0.6 billion to €3.6 billion (previous year: 3.0) is mainly due to higher receivables from subsidiaries of €0.9 billion and a reduced bank balance of €0.3 billion.

On the equity and liabilities side, equity remained at the previous year's level of €11.2 billion due to the dividend distribution of €0.5 billion and expenses connected with the share buyback programme of €0.3 billion, which was offset by a profit for the financial year of €0.8 billion. At €0.9 billion (previous year: 0.9), provisions remained at the previous year's level. Liabilities increased by €0.7 billion to €16.4 billion (previous year: 15.7). This was due to additions of €0.2 billion bringing liabilities to subsidiaries to €13.1 billion (previous year: 12.9), the taking out of a new loan of €0.1 billion, and the issue of new bonds amounting to €1.2 billion. This was offset by the repayment of a bond in the amount of €0.8 billion.

Comparison of the business trend with the previous year's outlook

The anticipated decline in cement revenue, in addition to the projected rise in intra-Group service charges, led overall to a slight fall in total revenue, which could not be fully offset by the reduction in material and personnel costs. As expected, the operating result was therefore slightly below that of the previous year.

Anticipated earnings

For 2025, we anticipate another slight decline in cement revenue. This will be countered by a targeted cost-saving programme focused on both variable and fixed costs. We expect to see a moderate increase in revenue from intra-Group services. Overall, however, we anticipate a slight decline in operating result for the year 2025.

Statements pursuant to sections 289a and 315a of the German Commercial Code (HGB)

On 31 December 2024, the subscribed share capital of Heidelberg Materials AG amounted to €546,204,360. It is divided into 182,068,120 no-par value bearer shares, each with a pro rata amount of €3. Each share carries one vote at the Annual General Meeting. All shares carry the same rights and obligations; there are no different classes of shares. The Managing Board knows of no restrictions concerning voting rights or the transfer of shares.

Mr Ludwig Merckle, Ulm, Germany, holds via Spohn Cement Beteiligungen GmbH, Schönefeld, Germany, a company under his control, 25.64% of the voting rights of shares in the company as well as rights of retransfer from securities lending to a further 3.24% (instruments in the sense of section 38(1)(1) of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG)), together 28.88%, according to the notifications available to the company as at 31 December 2024 in accordance with the WpHG. No bearer of shares has been granted special rights giving power of control.

The company's Managing Board is appointed and discharged by the Supervisory Board. The Articles of Association may be amended by the Annual General Meeting with a simple majority of the share capital represented at the time of voting, except where a greater majority is required by law. Amendments affecting only the wording of the Articles of Association may be made by the Supervisory Board.

Authorised capital

Authorised capital exists as at 31 December 2024, which authorises the Managing Board, with the consent of the Supervisory Board, to increase the company's share capital by issuing new shares against cash contributions and/or contributions in kind (Authorised Capital 2020). Under the Authorised Capital 2020, the share capital may be increased by up to a total of €178,500,000 by issuing new no-par value bearer shares on one or more occasions until 3 June 2025. The shareholders must be granted subscription rights. However, the Managing Board is authorised to exclude the subscription rights of shareholders in certain cases, such as in the case of an increase in return for cash contributions in order to realise residual amounts, to service option or conversion rights, or to issue shares totalling up to 10% of the share capital at a near-market price as well as in the case of a capital increase in return for contributions in kind for the purposes of acquiring companies, or in the context of implementing of a dividend in kind/dividend option. As at 31 December 2024, the Authorised Capital 2020 had not been used.

Conditional share capital

In addition, the conditional share capital described below existed as at 31 December 2024. The share capital was conditionally increased by a further amount of up to €115,800,000, divided into up to 38,600,000 new no-par value bearer shares (Conditional Share Capital 2023). The conditional capital increase serves to back the issuance of option or conversion rights, or option or conversion obligations on Heidelberg Materials AG shares. The conditional capital increase is only carried out insofar as the Managing Board issues warrant or convertible bonds until 10 May 2028 under the authorisation of the Annual General Meeting from 11 May 2023 and the bearers of option or conversion rights make use of their rights. Warrant or convertible bonds may also be issued with option or conversion obligations.

The shareholders generally have a subscription right to newly issued warrant or convertible bonds. The authorisation governs specific cases in which the Managing Board may exclude the subscription right of shareholders to warrant or convertible bonds. As at 31 December 2024, the authorisation to issue warrant or convertible bonds forming the basis of the Conditional Share Capital 2023 had not been used.

The exclusions of subscription rights in the Authorised Capital 2020 and Conditional Share Capital 2023 are limited, among other things, by a deduction clause in such a way that their sum does not exceed the limit of 10% of the share capital that exists when the option of excluding subscription rights is granted.

Acquisition of treasury shares

Furthermore, the authorisation to acquire treasury shares described below existed as at 31 December 2024. The company is authorised to acquire treasury shares up to the end of 10 May 2028 once or several times, in whole or in partial amounts, up to a total of 10% of the share capital existing on 11 May 2023 or – if such amount is lower – at the time this authorisation is exercised for any permissible purpose within the scope of the legal restrictions. The authorisation may not be used for the purpose of trading in treasury shares. At no time may more than 10% of the respective share capital be attributable to the acquired own shares combined with other shares that the company has already acquired and still possesses. The shares may be acquired via the stock exchange or by way of a public purchase offer or by means of a public call for the submission of offers to sell or by issuing rights to sell shares to the shareholders. The treasury shares acquired on the basis of the authorisation will be used by selling them via the stock exchange or in another suitable manner while ensuring the equal treatment of the shareholders, or for any other purposes permitted by law. The Managing Board is authorised to cancel the acquired treasury shares with the consent of the Supervisory Board without further resolution of the Annual General Meeting. The cancellation may also be effected without a capital decrease by adjusting the proportional amount of the remaining no-par value shares in the company's subscribed share capital. In both cases, the Managing Board is authorised to adjust the number of no-par value shares in the Articles of Association. Shareholders' subscription rights can be excluded in certain cases. In 2024, the company made partial use of the authorisation in the period from 23 May to 25 November and held 3,637,360 treasury shares as at 31 December 2024, corresponding to 2.00% of the share capital. Prior to the start of the first tranche of the 2024-2026 share buyback programme, all treasury shares held by the company at that time had been cancelled with a reduction in the share capital on 21 February 2024. Details on the treasury shares acquired in the 2024 financial year are given in **Note 9.7**.

Takeover-related disclosures

A list of the company's significant agreements contingent on a change of control resulting from a takeover bid and a summary of the effects thereof are provided in the table, pursuant to sections 289a(1)(8) and 315a(1)(8) of the HGB. Please note that we are disregarding agreements whose potential consequences for the company fall below the thresholds of €50 million in a singular instance or €100 million in the case of several similar agreements, as they will not regularly affect the decision of a potential bidder. These change of control clauses are standard for this industry and type of transaction and have not been agreed with the intention of hindering any takeover bids.

Significant agreements with change of control clauses

Name of agreement/date	Type of contract	Nominal amount €m	Repayment	Type of clause
Syndicated credit and aval agreements and bilateral credit lines				
Syndicated credit facility and aval credit facility of 13 May 2022	Credit and aval credit facility	2.000 [1]	to the extent outstanding by 11 May 2029	(1)
Loan Agreement of 7 December 2023	Credit Agreement	100 [2]	to the extent outstanding by 4 December 2030	(1)
Loan agreement of 1 March 2019	Credit agreement	86 [3]	to the extent outstanding by 31 March 2029	(3)
Aval credit facility of 14 November 2019	Aval credit facility	100 [4]	to the extent outstanding by 31 December 2025	(1)
Bonds issued by Heidelberg Materials AG				
1.5% bond 2016/2025	Debenture bond	1,000	to the extent still outstanding by 7 February 2025	(2)
3.375% bond 2024/2034 (Green Bond)	Debenture bond	500	to the extent still outstanding by 17 October 2031	(2)
3.75% bond 2023/2032 (Sustainability-Linked)	Debenture bond	750	to the extent still outstanding by 31 May 2032	(2)
3.95% bond 2024/2034 (Green Bond)	Debenture bond	700	to the extent still outstanding by 19 July 2034	(2)
Bonds issued by Heidelberg Materials Finance Luxembourg S.A., guaranteed by Heidelberg Materials AG				
1.625% bond 2017/2026	Debenture bond	1,000	to the extent still outstanding by 7 April 2026	(2)
1.5% bond 2017/2027	Debenture bond	500	to the extent still outstanding by 14 June 2027	(2)
1.125% bond 2019/2027	Debenture bond	750	to the extent still outstanding by 1 December 2027	(2)
1.75% bond 2018/2028	Debenture bond	750	to the extent still outstanding by 24 April 2028	(2)
4.875% bond 2023/2033 (Sustainability-Linked)	Debenture bond	750	to the extent still outstanding by 21 November 2033	(2)

1) Of this figure, €195.1 million was outstanding as at 31 December 2024.
2) Of this figure, €100.0 million was outstanding as at 31 December 2024.
3) Of this figure, €44.2 million was outstanding as at 31 December 2024.
4) Of this figure, €80.6 million was outstanding as at 31 December 2024.

The relevant change of control clauses give the contractual partner or bearer of the bonds the right to immediately accelerate the agreement and demand repayment of outstanding loans or debenture bonds in the event of a change in the company's shareholder structure as defined variously below.

The syndicated credit facility and aval credit facility agreement dated 13 May 2022 and the loan or aval credit facility agreements dated 14 November 2019 and 7 December 2023, each marked (1) in the type of clause column, as well as the loan agreement of 1 March 2019, marked (3) in the type of clause column, give each creditor the right, in the event of a change of control, to accelerate the loan amount it provided (plus any accrued interest) and to demand repayment accordingly.

A change of control in the sense of clause (1) is deemed to occur when a person or a group of people acting jointly in the sense of section 2(5) of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, WpÜG) has acquired more than 30% of the shares in the company. Clause (3) applies "in the case of a change in the direct or indirect capital or shareholder structure of Heidelberg Materials AG, which leads to a change of control (change of controlling influence)."

The bonds marked (2) in the type of clause column give each bearer of the debenture bond the right, in the event of a change of control as described below, to demand full or partial repayment from the company at the "Early Put Redemption Amount." The Early Put Redemption Amount means 101% of the nominal amount plus accrued and unpaid interest up to (but not including) the repayment date defined in the bond terms.

A change of control is deemed to occur when one of the following events takes place:

- The company becomes aware that a person or group of persons acting in concert in the sense of section 2(5) of the WpÜG has become the legal or beneficial owner of more than 30% of the company's voting rights.
- The merger of the company with or into a third person, or the merger of a third person with or into the company, or the sale of all or substantially all assets (consolidated) of the company to a third person, except in connection with legal transactions, as a result of which (a) in the event of a merger, the holders of 100% of the company's voting rights hold at least the majority of the voting rights in the surviving legal entity immediately after such a merger and (b) in the event of the sale of all or substantially all assets, the acquiring legal entity is or becomes a subsidiary of the company and becomes the guarantor for the debenture bonds.

Agreements also exist on pension schemes in the United Kingdom, which stipulate that a change of control (not contractually specified) at Heidelberg Materials AG must be communicated to the trustees of these pension schemes. If, according to the corresponding regulatory guidelines, a change of control poses a considerable risk to the fulfilment of the pension obligations (Type A Event), the trustees can demand negotiations on the adequacy of the safeguarding of the pension cover and have this reviewed by means of a clearance procedure before the supervisory authority, which may lead to the adjustment of the securities.

As at 31 December 2024, the service agreements of the members of the Managing Board of Heidelberg Materials AG are governed by suggestion G.14 of the German Corporate Governance Code in the version of 28 April 2022, according to which no commitments to benefits should be agreed in the event of early termination of the service agreement as a result of a change of control. The agreements of all members of the Managing Board therefore do not contain change of control clauses. There are no compensation agreements of the company with members of the Managing Board or with employees in the case of a takeover bid.

The other details required pursuant to section 289a and section 315a of the HGB relate to circumstances that do not exist at Heidelberg Materials AG.

Outlook

This outlook contains forward-looking statements based on the information presently available and the current assumptions and forecasts of the Group management. Such statements are naturally subject to risks and uncertainties and may therefore deviate significantly from the actual development.

Risks and opportunities that are not part of the outlook and may lead to significant negative or positive deviations from the forecasted developments are included in the **Risk and opportunity report chapter**.

Assumptions underlying our outlook

Our business is subject to a multitude of external influencing factors that are beyond our control. In addition to weather conditions and economic and population growth, the most significant external factors influencing the economic development of Heidelberg Materials are developments in prices on the energy and raw materials markets, exchange rates, the regulatory environment, and competition in the markets in which we operate. This outlook is based on the assumption that the global political environment will not change further as a result of geopolitical crises during the outlook period and that international tensions will not significantly impair Heidelberg Materials' business activities.

Crucial factors for the development of the construction industry include, in particular, weather conditions, the local economic cycle, the development of energy and raw material prices, the level of public investments, and financing costs for real estate. In the growth markets of the emerging countries, especially in Africa and Asia, the income available for private residential construction also plays an important role.

We have not taken account of any material changes to balance sheet items or any associated expense or income items in our outlook below that may result from, among other things, changes to macroeconomic parameters, such as discount rates, interest rates, inflation rates, exchange rates, changes to future salary developments, or climate policy.

Evaluation of the outlook by Group management

In 2025, political developments, increasing trade protectionism and geopolitical conflicts, as well as uncertainties regarding inflation, will continue to influence the global economy and capital markets. Against this backdrop, in its January 2025 forecast, the International Monetary Fund (IMF) expects global economic output in 2025 to grow by 3.3%, similar to the previous year.

Global demand in the construction sector is expected to stabilise at a low level, even though inflation and persistently high financing costs are likely to continue to have a negative impact on residential construction in particular. For European construction activity, Euroconstruct forecasts a slight increase of 0.4% in almost all construction sectors in 2025. The American cement association PCA and the Australian Construction Industry Forum expect a slight increase in construction activity, which will continue to be driven primarily by non-residential construction.

The Managing Board therefore expects the result from current operations to be between €3.25 billion and €3.55 billion. It forecasts a value of around 10% for ROIC. A further slight reduction is targeted for specific net CO_2 emissions.

The Managing Board and Supervisory Board will propose to the 2025 Annual General Meeting a dividend of €3.30 per share. Together with the ongoing share buyback programme, Heidelberg Materials is thus continuing to underline its focus on shareholder return. The second tranche of the share buyback programme is scheduled to start after the Annual General Meeting in the second quarter of 2025.

The Managing Board continues to assess Heidelberg Materials' financial situation as comfortable in the forecast period.

At the time of preparing the consolidated financial statements, the Managing Board is not aware of any material risks to the going concern of the company (see **Risk and opportunity report chapter**).

Economic environment

General economic development

Against the background of the difficult economic and geopolitical environment, the International Monetary Fund (IMF) predicts slight growth of 3.3% compared with the previous year in its January forecast for global economic output in 2025. Expected growth thus remains below the 2000–2019 average of 3.7%, which the IMF attributes to high central bank interest rates, the withdrawal of fiscal support, and weak productivity growth.

The forecast for 2025 is the same as the global economic outlook from October 2024, mainly because the economic forecast for the USA has been raised, offsetting the downward trend in other major economies. According to the IMF, the US economy will grow by 2.7% this year, which is significantly higher than expected in 2024. By contrast, the forecasts for Germany and Italy have been lowered again. GDP growth of 1.9% is forecast for 2025 in industrial countries, and 4.2% in emerging and developing countries. According to the IMF's forecast, India, Malaysia, and China will once again achieve the highest growth rates in the current year.

With inflation rates continuing to fall and growth remaining moderate (particularly in the USA), the IMF considers the risks to global economic growth to be manageable in the current year despite the increased trade uncertainty, which is seen as temporary. Budgetary consolidation and structural reforms are still considered to promote growth. On the other hand, the sharp increases in raw material prices, persistent inflation, and trade tariffs could have a negative impact. A worsening of the real estate crisis in China, as well as tax increases and spending cuts, could also lead to weaker growth.

In its October 2024 and January 2025 forecasts, the IMF expects the following growth rates for Heidelberg Materials' most important sales markets:

Expected growth in real GDP[1)]

in %	2025
Europe	
Eurozone	1.0
Germany	0.3
France	0.8
United Kingdom	1.6
Italy	0.7
Norway	1.8
Poland	3.5
Romania	3.3
Sweden	2.4
Czechia	2.3
North America	
Canada	2.0
USA	2.7
Asia-Pacific	
Australia	2.1
China	4.6
India	6.5
Indonesia	5.1
Malaysia	4.7
Thailand	2.9
Africa-Mediterranean-Western Asia	
Egypt	3.6
Ghana	4.4
Morocco	3.6
Russia	1.4
Tanzania	6.0
Togo	5.3

1) Source: International Monetary Fund (IMF), October 2024 and January 2025 forecasts

For the 2025 financial year, we expect energy prices to continue to be significantly influenced not only by the sanctions against Russia, but also by the Middle East conflict and the US and OPEC oil production policy. However, compared with 2022, the fluctuations relating to the news situation were comparatively small last year and at the beginning of this year, and the market has continued to stabilise. At current price levels and based on our contract portfolio – a mix of forward market and spot purchases – we expect energy prices for the whole of 2025 to be around the previous year's level.

Development of the construction industry

The development of economic output is also reflected in the expectations for the construction industry.

In its December 2024 forecast, Euroconstruct expects construction activity in Europe as a whole to continue to decline in almost all countries and construction sectors in 2025. Positive development in the construction sector is only expected in Spain, Switzerland, and Ireland.

In its Autumn 2024 forecast, the American cement association PCA assumes a slight increase in construction activity in the USA for 2025, with all construction sectors expected to contribute to this. A positive development is forecast for residential construction in particular.

The Australian Construction Industry Forum expects a further slight increase for the Australian construction industry. The forecasts are particularly positive for non-residential construction and infrastructure construction, which is supported by rising public spending, while residential construction is expected to recover slowly.

In contrast to the mature and developed countries, the GDP growth forecasts and data on population growth as well as per capita cement consumption are frequently used indicators for construction development in the growth markets of emerging countries in Africa and Asia. In this respect, the IMF growth rates for these markets provide an indication of the development of the construction industry.

Industry development

The EU has adopted amendments to the rules governing the EU Emissions Trading System (EU ETS) for the fourth trading period from 2021 to 2030 within the "Fit for 55" programme. The original cross-sectoral reduction target for 2030 within the EU ETS was thus raised from 43% improvement compared with 2005 to 62%. For the years from 2026 onwards, changes are anticipated that will lead to a further significant reduction in CO_2 allowances and thus in free allocations. Free CO_2 allowances will be gradually reduced, so that by 2034 there will be no more free allowances for the cement industry. The scope of the current clinker benchmark has been redefined and will also be recalculated for 2026. According to estimates, the new benchmark could be significantly lower.

The Carbon Border Adjustment Mechanism (CBAM) has been phased in since 2024. Since October 2023, companies have been required to publish quarterly reports on the quantities imported and the associated CO_2 emissions. In the second step, from 2026 onwards, allowances corresponding to the amount of CO_2 emissions associated with the imported products (cement/clinker) must also be purchased.

With the announced measures within the EU ETS, a significant shortage in the number of new CO_2 emission rights placed on the market within the fourth trading period is also to be expected. Prices for emission rights averaged around €67 in the 2024 financial year. At the beginning of 2025, the carbon price had increased to around €80, in average. A price increase in the fourth trading period could lead to additional costs for covering the required emission rights, accompanied by a decrease in the freely allocated certificates. So far, Heidelberg Materials has a sufficient number of emission rights across the Group for the next two years. However, in individual countries there are already shortages of emission rights, which are covered by intra-Group trading. Further information can be found in the **Risk and opportunity report chapter**.

Outlook 2025

Forecast of the key performance indicators

Demand in the construction sector is expected to stabilise at a low level, even though inflation and persistently high financing costs are likely to continue to have a negative impact on residential construction in particular. We expect cost developments on the energy and raw materials markets to remain volatile. The focus will therefore continue to be on price adjustments and strict cost management.

For the 2025 financial year, the Managing Board expects the result from current operations (RCO) to be between €3.25 billion and €3.55 billion.

ROIC is expected to be around 10%.

For specific net CO_2 emissions per tonne of cementitious material, the Managing Board anticipates a further slight reduction compared to 2024.

Supplementary forecast of other financial figures

The Managing Board anticipates slight revenue growth (excluding scope and exchange rate effects).

In line with the progressive dividend policy, the Managing Board and Supervisory Board will propose to the Annual General Meeting the distribution of a dividend of €3.30 per share for the 2024 financial year. In combination with the ongoing share buyback programme, Heidelberg Materials is thus continuing to underscore its focus on shareholder return. The second tranche of the share buyback programme is scheduled to start after the Annual General Meeting in the second quarter of 2025.

The company forecasts net investments in property, plant and equipment (investments in and divestments of property, plant and equipment) in the 2025 financial year to be around €1.2 billion.

In February 2025, we repaid the maturing bond of €1 billion as scheduled. Heidelberg Materials still plans to settle the financial liabilities expiring in 2025 through free cash flow and available liquidity.

Depending on the market situation, the company is considering issuing a bond under the EMTN programme to finance further investments and acquisitions.

We continue to pursue the goal of increasing the share of sustainability-linked financial instruments to at least 70% by the end of 2025.

The solid investment grade rating is to be maintained. The leverage ratio is expected to be within the strategic corridor of 1.5x to 2.0x.

Risk and opportunity report

Risk and opportunity management

As one of the world's leading manufacturers of building materials and solutions, Heidelberg Materials is exposed to numerous risks and opportunities due to its international business activity. Heidelberg Materials' risk policy is based on the Group strategy, which focuses, among other things, on both sustainably preserving and increasing enterprise value. An effective risk and opportunity management system serves to identify these risks and opportunities at an early stage and to systematically assess and reduce them. Consequently, the risk management process represents a central element of the Group's value-oriented corporate governance.

At Heidelberg Materials, risks and opportunities are monitored and managed across the Group with the help of integrated planning and monitoring systems. We consider events that may have a negative impact on the achievement of short-term and long-term strategic and operational corporate targets to be risks. Provided that these risks are consistent with the legal and ethical principles of entrepreneurial activity and are well balanced by the opportunities they present, these risks are classified as acceptable. We see possible achievements that go beyond our corporate planning as opportunities. Operational management in each Group country and in the central Group departments are directly responsible for identifying and observing risks and opportunities at an early stage. Risks and opportunities are recorded and assessed in the annual operational plan and followed up as part of monthly financial reporting.

In addition to risks, identifying opportunities plays a key role in ensuring that the company operates successfully over the long term. As part of the annual risk/opportunity management process, (new) opportunities are identified and evaluated from a strategic and financial perspective. Responsibility for identifying opportunities at Group level lies with the relevant department, while each country is responsible for identifying local opportunities. In a similar way to risks, opportunities are assessed on the basis of their likelihood and impact. Opportunities are categorised into the following clusters: strategic, financial, operational, and climate-related. Information about the opportunities in the individual clusters can be found in the **Opportunity areas section**. Opportunities and risks are not offset against each other in aggregated risk reporting.

Risk management system

Pursuant to section 91(2) and (3) of the German Stock Corporation Act (Aktiengesetz, AktG), the Managing Board of Heidelberg Materials AG is obliged to set up an appropriate and effective Group-wide internal control and risk management system. The Managing Board also has overall responsibility for the scope and organisation of the established systems. The Supervisory Board and its Audit Committee also regularly monitor the effectiveness of the risk management system pursuant to section 107(3)(2) of the AktG.

Heidelberg Materials has installed transparent regulations to govern competences and responsibilities for the risk management system that are based on the Group's structure. A code of conduct, guidelines, and principles apply across the Group for the implementation of systematic and effective risk management. The risk management system primarily serves to record and analyse risks. Where appropriate and realisable in the short term, potential opportunities are taken into account by country management in regular planning processes and followed-up on an ongoing basis in operating activities. Our risk management process reflects the decentralised structure of the company and facilitates the identification of risks as part of the operational plan. It comprises several components that are carefully coordinated and incorporated into the structure and workflow organisation.

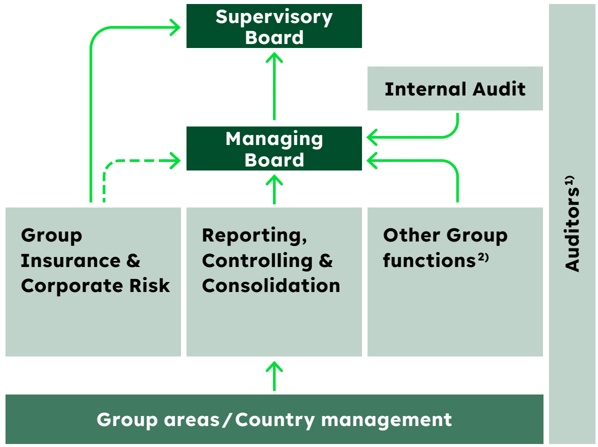
The essential elements of the risk management system are:

- Documentation of the general conditions for methodical, efficient risk management in a Group guideline (Risk Management Policy) and a guideline for the correct use of the risk management software employed (Risk Reporting Procedure); in addition to these documents, the Group's Code of Business Conduct includes the code of conduct and compliance standards to be observed

- Coordination of the risk management process at Group level by the Group Treasury, Insurance & Corporate Risk department Monitoring of local risk management processes, including risk identification and assessment by local operational management

- Recording of risks and measures by managers responsible for corporate risk at country level
- Involvement of internal and external experts to assess and record specific risks (e.g. IT/cyber risks; environmental, social, and governance (ESG) risks)
- Direct information and open communication about identified risks between the Managing Board, country management, and the Group Treasury, Insurance & Corporate Risk department
- Systematic identification and recording of strategic and long-term risks with the involvement of the relevant Group departments
- Determination of global risk-bearing capacity and risk position
- Standardised and regular reporting at Group and country level
- Promotion of risk culture and risk awareness within the Group through targeted communication and training.

Organisation of risk management



1) Part of the annual audit
2) Legal, Compliance, Tax, IT, Data Protection, Treasury, Corporate Finance, Human Resources, Strategy & Development/M&A, Environmental Social Governance

Risk management process

The Group Treasury, Insurance & Corporate Risk department defines the organisational requirements for the risk management system as well as binding guidelines and methods for the internal risk management process in the Risk Management Policy and the Risk Reporting Procedure. In order to optimise risk management and incorporate it into the operational plan, we use a software across the Group that enables the decentralised recording of risks in the respective countries and Group departments during the year. The software allows us to visualise the Group structure and assign local responsibilities.

Supported by a standardised evaluation framework for risk assessment, short-term risks (next 12 months) are systematically recorded on a quarterly or ad hoc basis and can be tracked continuously. The risk data can be consolidated immediately, analysed flexibly, and presented via standardised risk reporting.

In addition to this short-term risk recording, risks with a medium-term (one to three years) or long-term (over three years) time horizon are also taken into account. As well as strategic risks, this medium- and long-term view also concerns climate risks, which according to the definition of the Task Force on Climate-related Financial Disclosures (TCFD) include both physical risks and transition risks. These risks are identified and centrally recorded with regard to any potentially critical economic impact on our company.

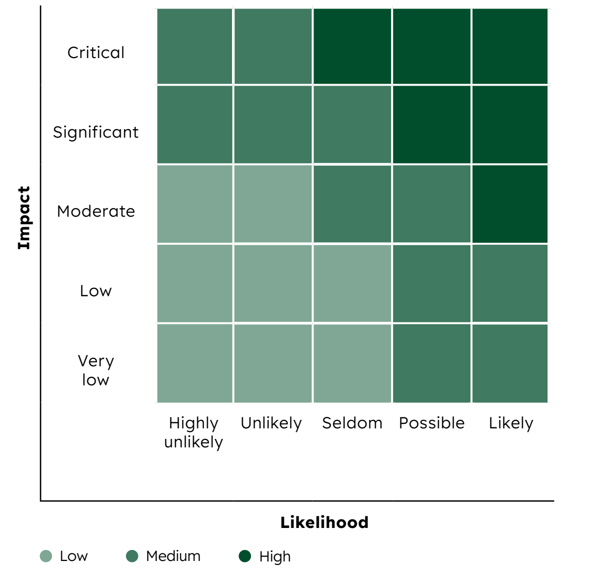
Identification and assessment of risks

The process of identifying risks is performed regularly on a decentralised basis by the country management and by the globally responsible Group departments. If risks are identified centrally at Group level, they are communicated to the respective Group countries for further assessment. General macroeconomic data, industry-specific risk information sources, and identification tools and techniques serve as auxiliary parameters for the identification process, as does the internal risk catalogue, which records the various financial and non-financial risk categories.

For regular risk reporting during the year, specific thresholds have been established for the individual countries, taking into account their specific circumstances. The risks are assessed for each defined risk category on the basis of a minimum likelihood of 10% and according to the expected impact. The two dimensions provide an overall assessment of the risk (see graphic). The risks are considered net – i.e. after any risk mitigation measures.

The operational planning cycle of 12 months serves as the reference period for estimating the likelihood of a risk occurring. The effects on the following key parameters are used as a benchmark to assess potential impact: result from current operations, profit for the financial year, and cash flow. Both dimensions of risk assessment can be visualised by means of a risk map.

Dimensions of risk assessment



The underlying scaling for the short-term risks incorporated into the planning cycle is as follows:

Likelihood

Highly unlikely	0% to 10%
Unlikely	> 10% to 20%
Seldom	> 20% to 40%
Likely	> 40% to 60%
Highly likely	> 60% to 100%

Impact	Definition of impact on business activity, financial and earnings position, and cash flow
Very low	Tolerable negative impact (≤ €10 million)
Low	Negligible negative impact (> €10–30 million)
Moderate	Limited negative impact (> €30–120 million)
Significant	Significant negative impact (> €120–300 million)
Critical	Harmful negative impact (> €300 million)

In 2024, the risk matrix was changed from a 4×4 to a 5×5 scale to enable greater granularity and a more precise assessment of the risks. The rating “highly unlikely” was added to the likelihood scale, and the rating “very low” was added to the impact scale.

Medium- to long-term strategic risks are reported if their impact exceeds €300 million (gross, before any risk mitigation measures) and their likelihood is at least 20%. These risks are recorded by the Group Strategy and Development/M&A department. In addition, their emergence and annual development are monitored. This includes the physical risks and transition risks associated with climate change, as well as other ESG risks.

Risks with a likelihood below 20% that have a potentially critical impact at Group level, known as tail event risks, must also be reported. These are recorded both centrally at Group level and, on an annual basis, separately via the Finance Directors of the countries.

The risk analysis process also takes into account risks that do not have a direct impact on the financial situation. ESG risks in particular are an example of this category. These non-financial risks influence non-monetary factors such as reputation or business strategy. Risks that cannot be quantified directly are subject to a qualitative assessment. In this way, potential risks are analysed and assessed on the basis of internal estimates, expert opinions, and empirical values. This approach makes it possible to take account of factors that are difficult to quantify. The likelihood and the potential impact are defined in the same way as for quantifiable risks (from highly unlikely to highly likely and from very low to critical).

The process of regular identification is supplemented with an ad-hoc risk report in the event of the sudden occurrence of risks or of sudden damage caused. This can arise, in particular, in connection with political events, trends in the financial markets, or natural disasters.

Change compared with the previous year

Financial risks	→
Strategic risks	
Economic risks	→
Political and social risks	→
Natural disasters	→
Raw material shortages	→
Substitution of products	→
Digitalisation	→
Skills shortages	→
Operational risks	↓
Legal and compliance risks	→
Climate risks	→

↑ Increased → Stable ↓ Decreased

Risk aggregation and reporting

The quantitative, updated risk reports for all business lines in our Group countries are presented to the Managing Board on a quarterly basis within the framework of central management reporting to ensure that risks are monitored in a structured and continuous way. Correlations between individual risks and events are considered at country level as far as possible.

As part of risk aggregation, the Group’s overall risk position is determined and a Monte Carlo simulation is carried out with all reportable risks, taking into account a large number of risk-related future scenarios. Risk aggregation is regularly used to monitor the relation to the risk-bearing capacity. The risk-bearing capacity represents the maximum risk that might jeopardise a company as a going concern within the meaning of section 91(2) of the German Stock Corporation Act.

The Group Insurance & Corporate Risk department is responsible for coordinating the risk management processes at Group level. It summarises all significant quantitative and qualitative risks for countries and Group departments in a central risk map at the quarterly management meetings. The current risk situation is communicated to the Managing Board on a quarterly basis at the management meetings. The consolidated risk report is also presented to the Board once a year. This examines the Group’s current risk situation, including the assessment of the current risk-bearing capacity, the global risk landscape, expected future developments, and significant regulatory changes. In addition, reporting to the Supervisory Board is effected every six months.

Managing and controlling risks

Country management is responsible for managing risks on a continuous basis and for defining risk control measures. The regular management meetings provide a platform for the Managing Board and responsible country managers to discuss and define risk mitigation measures promptly. Decisions are thus made as to which risks will be intentionally borne independently and which will be transferred to other risk carriers, as well as which measures are suitable for reducing or avoiding potential risks. Costs and benefits are taken into account. Risk controlling includes monitoring the implementation and progress of the agreed measures as well as reviewing them on a regular basis.

Monitoring the risk management process

The Group Internal Audit department examines and assesses the functionality and effectiveness of our risk management to help improve risk awareness. In addition, the auditor carries out an examination of the early risk identification system as part of the financial audit in accordance with legal guidelines to determine whether the monitoring system is capable in all material respects of identifying at an early stage any issues that could jeopardise the Group as a going concern. The Managing Board also regularly informs the Supervisory Board and its Audit Committee about the risk situation.

Internal control and risk management system with regard to the Group accounting process

Pursuant to sections 289(4) and 315(4) of the German Commercial Code (Handelsgesetzbuch, HGB), Heidelberg Materials' internal control system includes all principles, processes, and measures intended to ensure the effectiveness, cost efficiency, and accuracy of the accounting and to ensure observance of the relevant legal provisions.

The internal monitoring system at Heidelberg Materials consists of process-independent and process-integrated control measures. The process-integrated auditing activities include controls like the principle of dual control. Process-independent measures are controls carried out by persons not directly involved in the accounting process (e.g. Group Internal Audit).

Heidelberg Materials is subject to various risks on account of its international business activity. Responsible risk management is an essential component of good corporate governance. The comprehensive and Group-wide risk management system at Heidelberg Materials serves to ensure the early identification, systematic assessment, and targeted management of risks. Heidelberg Materials also has an internal control system that consists of process-independent and process-integrated control measures. Our risk management system and internal control system are used to identify circumstances with the potential to jeopardise the Group. The internal control and risk management system is implemented both at the level of Heidelberg Materials AG and throughout the Group. The Managing Board of Heidelberg Materials AG is responsible for fulfilling the obligation to set up the systems and for continuously monitoring their effectiveness. At Heidelberg Materials, the two systems are comprehensive in design and, in addition to an accounting-related component, also include business and purely operational risks and controls, including those associated with our internally defined sustainability targets, which are not directly related to accounting. With regard to the internal control and risk management system's main accounting-related features, there are comprehensive statutory disclosure obligations, which are set out in greater detail at Group level by German Accounting Standard no. 20 (DRS 20).

Adequacy and effectiveness of the internal control and risk management system[1]

Based on its review of the internal control and risk management system, including the compliance management system, and the reporting by the Group Internal Audit department, the Managing Board is not aware of any circumstances that cast doubt on the adequacy and effectiveness of these systems.

Structures and processes

The organisational and management structure of Heidelberg Materials AG and its Group companies is clearly defined. The responsibilities and functions within the accounting process (e.g. accounting of Heidelberg Materials AG and its Group companies, Group Treasury, and Group Reporting, Controlling & Consolidation) are also clearly separated and defined.

Key characteristics of the accounting processes and consolidation

The accounting guideline and a uniform accounting framework, both of which are centrally administered by the Group Reporting, Controlling & Consolidation department, are mandatory for all Group companies and intended to ensure uniform accounting.

Group-wide deadlines set out in a centrally managed financial calendar and instructions pertaining to the financial statements also help to make the accounting process structured, efficient, and uniform across the Group. New laws, accounting standards, and current developments (e.g. in the Group's economic and legal environment) are analysed and taken into account with regard to their relevance and impact on the consolidated financial statements. In the case of accounting issues that are complex or require discretionary judgement, we also call upon the expertise of external service providers.

In most countries, the financial statements of the Group companies are prepared in shared service centers in order to centralise and standardise the accounting processes. Accounting systems from SAP are used in the majority of cases. To prepare the consolidated financial statements, further information is added to the separate financial statements of the Group companies, and these are then consolidated using standardised software developed by SAP. Consolidation adjustments, such as the capital consolidation, the debt consolidation, the expense and income consolidation, and the at equity valuation, are carried out and documented. The various elements that make up the consolidated financial statements and significant quantitative disclosures are drawn from this consolidation system.

At Heidelberg Materials, the accounts data is checked at both local and central level. The decentralised checking of the local financial statements is carried out by the responsible Finance Director and country controlling. The central checking is undertaken by the Group departments Reporting, Controlling & Consolidation, Tax, and Treasury.

Heidelberg Materials' control system is also supplemented by manual checks, such as regular spot checks and plausibility checks, carried out both locally and centrally. It is supplemented by system-side validations, which are performed automatically by the consolidation programme.

1) The information in this paragraph is so-called non-management report information and is therefore not subject to the financial audit.

Process-independent checks are carried out by the Audit Committee of the Supervisory Board and by the Group Internal Audit department. The latter checks the internal control system for the structures and processes described and monitors application of the accounting guidelines and accounting framework. The results of the check are reported to the Managing Board and the Audit Committee of the Supervisory Board.

Measures for identifying, assessing, and limiting risks

In order to identify and assess risks, individual business transactions at Heidelberg Materials are analysed using the criteria of risk potential, likelihood, and impact. Suitable control measures are then established on the basis of these analyses. To limit the risks, transactions above a certain volume or with a certain complexity are subject to an established approval process. Organisational measures (e.g. separation of functions in sensitive areas) and ongoing target/actual comparisons are also performed for key accounting figures. The IT systems used for accounting are protected from unauthorised access by appropriate security measures.

The established control and risk management systems are not able to guarantee accurate and complete accounting with absolute certainty. In particular, individual incorrectly made assumptions, inefficient controls, and illegal activities may limit the effectiveness of the internal control and risk management systems employed. Exceptional or complex circumstances that are not handled in a routine manner also entail a latent risk.

The statements made here apply to Heidelberg Materials AG and its subsidiaries included in the consolidated financial statements.

Risk areas

Risks that may have a significant impact on our assets, financial, and earnings position are divided into five categories based on the risk catalogue established in the Group: financial risks, strategic risks, operational risks, legal and compliance risks, and ESG risks (especially climate risks). In the following, we assess only the risk situation of risks that are significant for us.

Financial risks

Our significant financial risks include currency risks, interest rate risks, refinancing/liquidity risks, credit risks, tax risks, and pension risks. We manage these risks primarily as part of our ongoing business and financing activities and, when required, by using derivative financial instruments. These risk areas are monitored on a continuous basis by the Group Treasury department in accordance with internal Group guidelines, which also define the work and processes of Group Treasury. All Group companies must identify their risks on the basis of these guidelines and, if necessary, hedge them in cooperation with Group Treasury.

Currency risks

The most significant risk position with respect to financial risks is the currency risk, particularly the translation risk. Currency risks arise from our foreign currency positions and are characterised by uncertainty in relation to the future development of exchange rates. Economic, monetary, fiscal, and political factors of influence should not be underestimated in this context. Unforeseen events may lead to distortions in the currency markets and thus have a negative impact on translation and transaction effects. We consider these currency risks, primarily the translation risks, to represent a high risk with a likely occurrence and a significant impact.

Currency risks arising as a result of transactions with third parties in foreign currency (transaction risks) are hedged in certain cases using derivative financial instruments. We primarily use foreign exchange swaps and currency forwards for this purpose. Through our Group-wide financing and liquidity management measures, the borrowing and investment of liquidity of the subsidiaries lead to currency positions that are hedged by external foreign exchange swap transactions, which are appropriate in terms of maturities and amounts.

We do not hedge currency risks arising from converting the financial statements of foreign individual companies or subgroups (translation risks) because the associated effects are not cash-effective and the influences on the consolidated financial statements are monitored on an ongoing basis. Additional information on currency risks can be found in **Note 10.3**.

Interest rate risks

Interest rate risks exist as a result of potential changes in the market interest rate and may lead to a change in fair value in the case of fixed interest-bearing financial instruments and to fluctuations in interest payments in the case of variable interest-bearing financial instruments. Interest rate risks are maintained within the parameters set by the Chief Financial Officer. By using financial instruments, primarily interest rate swaps, we are able to hedge both the risk of fluctuating cash flows and the risk of value fluctuations. A downgrading of our credit rating by the rating agencies or the non-achievement of the key performance indicators defined in the sustainable financing instruments could increase the interest margins of the financial instruments (see **Group financial management section**). As we currently expect the central banks to lower interest rates, we classify the interest rate risk overall as a medium risk with a likely occurrence and a low impact. Additional information on the interest rate sensitivity of the variable interest-bearing assets and liabilities can be found in **Note 10.3**.

Refinancing/liquidity risks

Refinancing/liquidity risks exist when a company is not able to procure the funds necessary to fulfil operational obligations or obligations entered into in connection with financial instruments.

Possible risks from fluctuating cash flows are considered as part of the Group liquidity planning. Assumptions concerning the expected economic cycle harbour particular uncertainties in liquidity planning, which is why we update them on an ongoing basis. In this way, we can – if necessary – initiate the appropriate measures, such as the issue of additional money and capital market securities or the raising of fresh funds in the bank market. To secure our payment obligations, we have access to a long-term syndicated credit line – taking into account sustainability targets – with a volume of €2 billion. As a result, we have access to substantial amounts of cash and cash equivalents and have thus considerably reduced the refinancing risk. In total, we have €5.2 billion of free liquidity, consisting of cash and cash equivalents, securities, and free credit lines, in our portfolio across the Group (see Liquidity instruments table in the **Group financial management section**). As a further precautionary measure, the Annual General Meeting authorised the Managing Board to increase the equity of Heidelberg Materials AG by issuing new shares until the end of 3 June 2025. In addition, the 2023 Annual General Meeting authorised Heidelberg Materials AG to issue warrant or convertible bonds or participating bonds, excluding subscription rights, against cash payment until 10 May 2028 and conditionally increased the subscribed share capital for this purpose. We consider refinancing/liquidity risks in general to be a low risk with a seldom likelihood and a low to significant impact, depending on the capital market situation. Additional information on liquidity risks, including a maturity overview of financial liabilities and derivative financial instruments, can be found in **Note 10.3**.

Credit risks

Credit risks exist when a contractual partner cannot fulfil its obligations, or at least not within the stipulated period. We minimise the risk position arising from this by diversification and ongoing assessment of the creditworthiness of our contracting parties.

Credit risks from operating activities are monitored continuously as part of our receivables management. In this context, we also pay attention to the creditworthiness of our business partners. In this way – as well as by avoiding concentrations of positions – we are able to minimise the Group's credit risks. We reduce the Group's credit risk by essentially only negotiating and concluding contracts for financial assets and derivative financial instruments with partners that meet our credit rating requirements (investment grade range). We select banks for payment transactions and establish cash pools in exactly the same way. We consider the credit risks to be a medium risk with a seldom likelihood and a moderate impact. Additional information on our credit rating requirements can be found in **Note 10.3**.

Tax risks

We operate in many countries around the world and are subject to the wide range of tax laws and regulations applicable in those countries as well as ongoing tax audits by the local tax authorities. Possible risks can arise from changes in local taxation laws or case law and from different or increasingly restrictive interpretations of existing provisions. Significant acquisitions, divestments, restructuring measures, and reorganisation activities can also give rise to tax risks. These risks can impact our tax expense and income as well as our tax receivables and liabilities and our liquidity. Our Tax department continuously and systematically monitors the development of the tax risks and, if necessary, proactively takes suitable measures to minimise them. We rate the likelihood of the tax risks as seldom with a significant impact.

Heidelberg Materials falls within the scope of the OECD Pillar Two Model Rules for the domestic implementation of the global minimum tax. The rules on global minimum taxation have been transposed into local law in Germany and other countries in which business units exist, or their implementation has been announced. For Heidelberg Materials, this resulted in initial application from the 2024 financial year. More information on the effects of the global minimum tax can be found in **Note 7.10**.

Pension risks

The financing status of the pension plans could be affected by adverse developments in the capital markets, demographic changes, and increases in pension benefits. In North America, Heidelberg Materials is involved in various defined contribution pension plans for unionised employees (multi-employer pension plans). If one of the participating companies no longer pays contributions into the pension plan, all other parties concerned will be held liable for the obligations that have not been covered. We continue to consider the pension risks to be a low risk with a seldom likelihood and low impact. Additional information on pension provisions can be found in **Note 9.12**.

Strategic risks

Strategic risks are usually far-reaching in terms of time horizon and geographical dimension. Some strategic risks are general in nature, while others are industry and company specific. As outlined in the **Risk management process section**, medium- to long-term strategic risks are reported if their impact exceeds €300 million (gross, before any risk mitigation measures) and their likelihood exceeds 20%. In addition, the potential speed of occurrence is assessed – i.e. whether gradual or rapid occurrence is to be expected. Finally, the change in the estimate in comparison with the previous year is assessed.

The global economic and social environment is subject to constant transformation as a result of worldwide trends such as climate change, globalisation, demographic development, digitalisation, and new technologies. These trends present both risks and opportunities, and their impact on a company depends on its ability to adapt to changes.

Risks arising from the changing trends may have an impact on demand, price levels, and costs in our sales markets and therefore on the company's earnings. In the following, we describe and assess these risks and indicate measures taken to mitigate their impact.

Economic risks

Political developments will have a major impact on the global economy and capital markets in 2025. Following estimated global economic growth of 3.2% in 2024, the IMF's January 2025 forecast predicts growth of 3.3% for 2025 and for 2026, which means that growth is likely to remain below the 3.7% average for the years from 2000 to 2019. Increasing protectionist trade policies and geopolitical conflicts, uncertainties regarding inflation, a long-term rise in interest rates due to looser, debt-financed fiscal policy, and a lack of structural reforms represent significant risks that could negatively impact economic development.

In the event of a recession and a decrease in construction activity, the Group faces the risk of a decline in demand and price pressure. At the same time, high energy and raw material prices continue to pose a risk to the Group's profitability. In addition, growing competition has the potential to increase the pressure on our volumes, prices, and customer relationships in the individual Group areas.

We classify the economic risks as a general risk with a possible impact on the entire Group and, where applicable, rapid occurrence. In comparison with the previous year, we believe that the risk situation has remained stable. Heidelberg Materials can partially mitigate this risk thanks to its diversified country portfolio, which reduces dependence on individual markets.

Political and social risks

Potential turmoil in a (geo)political, legal, and social context poses fundamental risks for all companies. Heidelberg Materials operates on five continents and is therefore exposed to global and local political risks, such as nationalisation, trade conflicts, prohibition of capital transfer, terrorism, war, or unrest. In particular, the ongoing conflict in the Middle East and the war in the Ukraine may have a potentially negative impact on the assets, financial, and earnings position of Heidelberg Materials. Our risk exposure may also depend on our level of shareholding and the control rights or participation of local partners.

Furthermore, geopolitical tensions, such as those in the Middle East or Africa, and a deterioration in relations between global trading partners are among the risks that may lead to lower economic growth in the affected regions of the world.

We classify the political and social risks as general risks with a possible impact on individual Group countries and, where applicable, rapid occurrence. We expect the risk to remain high compared with the previous year. Heidelberg Materials can partially mitigate this risk thanks to its diversified country portfolio, which reduces dependence on individual markets.

Natural disasters (exceptional external incidents)

Exceptional external incidents, such as natural disasters, could negatively impact our business performance. Thanks to our diversified country portfolio, negative effects in individual countries can be offset.

The compensation limits of our Group-wide property insurance programme guarantee comprehensive coverage against natural disasters, including earthquakes, especially for our activities in high-risk regions of North America, Australia, and Asia. However, we cannot rule out the possibility that the cover may not be sufficient in the event of extreme damage.

We classify natural disasters as general risks with a possible impact on individual Group countries or the entire Group. Usually, they have a rapid occurrence. In our assessment, the risk outlook has not changed compared with the previous year.

Raw material shortages

The scarcity of natural raw materials and the increasing difficulty in renewing mining concessions or obtaining new ones can have an impact on costs and raw material availability and thus significantly affect earnings.

The procurement of alternative raw materials such as fly ash or blast furnace slag and, in general, the recycling of certain materials could also become critical because of developments in some industries, such as the progressive shutdown of coal-fired power plants or the decline in steel production with correspondingly lower slag availability.

We classify raw material shortages as an industry-specific risk with a possible gradual impact on the entire Group. Compared with previous year, we believe the risk outlook has not changed.

Heidelberg Materials mitigates this risk by constantly monitoring global raw material reserves and, at the same time, securing substitute raw materials for its production sites wherever possible (including recycling of materials).

Substitution of products

Heidelberg Materials is closely monitoring the development of alternative binders and, because of the risk that they will replace conventional cement types, is actively researching this area, especially as regards carbon-reduced materials. In view of the current state of knowledge, however, it appears unlikely that large-scale replacement will take place in the next few years.

If the production costs for traditional binders increase considerably, particularly in mature markets, for example as a result of a shortage of carbon emission allowances or the high cost of emissions reduction technologies, alternative binders could become more economically attractive and replace traditional binders provided that they fulfil the high requirements relating to processability and durability. Tighter regulation and changing investor preferences towards sustainable investments could also lead to a competitive advantage for manufacturers of alternative binders and result in a substitution effect.

In the aggregates business, in which we extract and produce sand, gravel, and hard rock in our own quarries, substitution could take place through increasing use of recycled materials. This effect is strengthened by the progressively stricter requirements when renewing existing or applying for new mining concessions for natural raw materials.

In addition, there is a risk that concrete will be replaced by other materials, such as steel, glass, or wood products, in the construction business. Although the use of these alternative materials is increasing to an extent in some countries, this is currently still limited.

Overall, we classify substitution of products as an industry-specific risk with a possible gradual impact on the entire Group. Compared with the previous year, we believe the risk outlook has not changed.

Digitalisation

The digital transformation is bringing about fundamental changes in the business world. New digital and networked technologies, increasing automation, and the use of artificial intelligence could challenge existing business models and pave the way for new ones.

The digitalisation of the construction and building materials industry is facilitating gradual changes in construction methods and processes, which could also contribute to achieving climate neutrality during the lifetime of a building. It could enable the construction of more energy-efficient and longer-lasting buildings with lower emissions, which could ultimately also have an impact on cement and concrete consumption.

Digitalisation can also increase efficiency and productivity – for example through data analysis in real time from networked systems, predictive maintenance, or better management of inventories and production processes. Insufficient progress in digitalisation could therefore result in a loss of efficiency and competitiveness.

We classify digitalisation as a general risk with a possible impact on the entire Group and gradual occurrence. We anticipate a growing risk compared with the previous year.

Heidelberg Materials proactively drives the digital transformation of the Group, including the increasing use of artificial intelligence. Furthermore, Heidelberg Materials invests in technology companies so that it can benefit from new digital developments at an early stage.

Skills shortage

Increasing population ageing in industrialised countries may result in a lack of qualified workers, resulting in lower productivity and higher personnel costs, ultimately increasing production costs.

In the construction industry, this development could lead to a shift away from personnel-intensive construction on site towards industrial production of prefabricated components and modular construction systems.

In countries with mature markets, the skills shortage can therefore become an industry- and company-specific risk, which has a gradual occurrence. We anticipate an unchanged risk compared with the previous year.

Heidelberg Materials mitigates this risk with personnel development programmes to attract and retain employees (for example, through cross-departmental or transnational career paths). The company is also exploring the possibilities of increased automation, including the use of artificial intelligence.

Other specific risks for the building materials sector

Import risks

Clinker and cement are not transported overland for long distances on account of their heavy weight in relation to the sales price. Internationally, they are traded by sea. If the difference in the price level between two countries, with connection to the sea trade, becomes too high, there is a risk of increased imports.

This risk could arise particularly in countries and regions that are subject to an emissions trading system with high pricing of carbon emissions. Since 2023, a Carbon Border Adjustment Mechanism (CBAM) has therefore been gradually introduced in the EU for the cement sector, among others. However, the risk persists in regions where carbon pricing is in place without such a compensation mechanism. Transition risks due to climate change are described in more detail in the **Transition risks section**.

Risks from acquisitions, partnerships, and investments

Heidelberg Materials also expands its activities through acquisitions, partnerships, and investments in order to improve its market positions and strengthen its vertical integration.

Possible risks in the case of acquisitions can arise from the integration of employees, processes, technologies, and products. These also include cultural and language barriers as well as an increased level of personnel turnover, which leads to an outflow of knowledge. We counteract these risks by targeted personnel development and an integrative corporate culture, including the creation of local management structures.

Investments can affect the leverage ratio and financing structure. Unforeseen negative business trends can also lead to financial charges from impairments of goodwill.

The success of acquisitions, partnerships, and investments can also be hindered by political restrictions. Heidelberg Materials therefore evaluates the political risk and stability of the region when making investments. In order to minimise financial burdens and risks and better exploit opportunities, Heidelberg Materials can also cooperate with suitable partners, particularly in politically unstable regions.

Operational risks

Operational risks particularly include risks related to the cost development and availability of energy and raw materials. We also take into account regulatory risks associated with environmental regulations as well as risks relating to production, quality, and IT. Operational risks have decreased in comparison with the previous year.

Volatility of energy and raw material prices

As an energy-intensive company, Heidelberg Materials is exposed to risk from price trends in raw materials and energy markets. There is a risk that the costs for individual energy sources and raw materials will increase and thus total expenses will be higher in the future than planned.

Persistently high energy prices had a significant impact on raw material prices in the 2024 financial year, especially in Europe. Prices for most energy types, such as electricity, coal, and natural gas, stabilised at a high level compared with the average price level in the years prior to 2022. The sanctions imposed on Russia in the financial and energy sectors, and the resulting ongoing coal and gas supply shortages, continue to lead to increased costs, with a particular impact on electricity prices in Europe.

We minimise the price risks for energy and raw materials by bundling and structuring procurement processes across the Group and securing mining concessions over the long term. We also make increased use of alternative fuels and raw materials as well as renewable energies, which in most cases contribute towards reducing costs and price risks while simultaneously lowering CO_2 emissions. With the help of our various Group-wide efficiency and continuous improvement programmes, we are decreasing and optimising our consumption of electricity, fuels, and raw materials, which reduces our energy costs in a targeted way.

In the process of setting prices for our products, we aim to pass on increases in the costs of energy and raw materials to our customers. As most of our products are standardised bulk goods for which demand is determined by price rather than other differentiating factors, there is a risk that price increases cannot be passed on or will cause a decline in volumes, particularly in markets with excess capacities.

We consider the risk to be medium and likely (previous year: high risk) with a moderate impact (previous year: significant).

Availability of raw materials and additives

Heidelberg Materials requires considerable quantities of raw materials for cement and aggregates production, which should be ensured mainly by own deposits. There is potential for certain risks in particular locations with regard to obtaining or extending mining concessions. For example, necessary permissions may be refused in the short term or disputes may arise regarding mining fees.

The availability and prices of materials such as fly ash and blast furnace slag, which are by-products of steel production and used as clinker substitutes in the manufacture of cement, are subject to economic fluctuations and therefore entail a cost risk. As global demand for these cementitious materials rises, there is a risk of increasing shortages.

Ecological factors and environmental regulations for access to raw material deposits are also sources of uncertainty. In some regions of the world, for example in West Africa south of the Sahara, raw materials for cement production are so scarce that cement or clinker needs to be imported by sea. Rising transportation costs and capacity constraints in the port facilities can lead to an increase in product costs.

In addition, the availability of water can pose a risk. Based on a global water-risk study, we have implemented a Group-wide guideline concerning sustainable water management in the cement, aggregates, and ready-mixed concrete business lines. We develop individual water management plans for plants in regions suffering from water risks. The plans include concepts and measures to ensure careful use of scarce water resources and enable local stakeholders to become involved so that the water utilisation concepts support the common good and thus minimise local water risks. We aim to have water management plans in place by 2030 for all plants in regions affected by water risks, limited accessibility, poor water quality and climate-related physical water risks. In addition, we are increasing our usage of water recycling systems in order to reduce the consumption of fresh water and thus use this resource more efficiently.

Heidelberg Materials has adopted the definitions set out by the Pan-European Reserves and Resources Reporting Committee (PERC Reporting Standard). This reporting standard is used to define harmonised Group-wide criteria for mineral reserves and resources, ensuring that the availability of raw material reserves is internally audited in a standardised manner and increasing transparency for management. With a Group policy on reserve and resource management derived from the standard, combined with consistent local processes, we aim to reduce the risk associated with the availability of raw materials. We also seek to mitigate possible supply shortages and price fluctuations in the future by securing long-term supply agreements and developing other sources of raw materials.

From an operational point of view, we classify the risk of lack of availability of raw materials and additives overall as a medium risk with a seldom likelihood and a moderate impact (analogous to the previous year).

Production-related risks

The cement industry is an asset-intensive industry with complex technology for storing and processing raw materials, additives, and fuels. Because of accident and operating risks, personal injury and material or environmental damage may occur and operations may be interrupted.

Heidelberg Materials' risk transfer strategy sets deductibles for the main insurance programmes that have been tailored to the size of the Group and are based on many years of failure analyses. Nevertheless, there is still a risk that the insured amounts in the event of damage may not be sufficient, particularly in the case of very uncommon and serious types of damage, such as natural disasters. We consider this to be a low risk.

In order to avoid the potential likelihood of damage and the resulting consequences, we rely on various surveillance and security systems in our plants as well as integrated management systems, including high safety standards, and regular checks, maintenance, and servicing. To identify the threat of potential dangers, we provide all employees with appropriate training to raise their risk awareness.

As demand for building materials is heavily dependent on weather conditions, there is also a risk that capacity utilisation may fluctuate and production downtimes may occur. We minimise this risk by establishing locations in different regions, demand-oriented production control, and flexible working time models. In addition, we make use of production downtimes, where possible, to carry out any necessary maintenance work.

Overall, we consider the production-related risks to be a low and highly unlikely risk with a moderate impact.

Quality risks

Building materials are subject to strict standardisation. If supplied products do not meet the prescribed standards or the customer's quality requirements, we risk losing volumes, facing claims for damages, and/or damaging our customer relationships. Heidelberg Materials ensures compliance with the standards at the Group's own and third-party laboratories by means of fine-meshed quality assurance in parallel with every process step as well as final inspections. Quality assurance controls are also carried out by independent experts as part of the extensive quality assurance programmes already in place.

Overall, we consider the quality risks to be a low and unlikely risk with a very low impact.

Regulatory risks

Changes to the regulatory environment can affect the business activities of Heidelberg Materials. This concerns mainly legal regulations for environmental protection. Tighter environmental regulations could lead to increasing costs, higher demand for investments, or even the closure of production sites. Around 40% of Heidelberg Materials' worldwide clinker production is affected by financial CO_2 regulations such as emissions trading systems and CO_2 taxes.

Since 2005, the EU Emissions Trading System (EU ETS) has been the primary political instrument, acting as a cap-and-trade system for monitoring and reducing greenhouse gas emissions in European industry with ambitious targets for climate protection. Besides the energy sector and refineries, this also affects all energy-intensive industries, which generate around 40% of all European emissions.

The cement industry, like other CO_2-intensive industries featured on the carbon leakage list, has not been affected by the requirement since 2013 to purchase all emission rights by auction. It receives a portion of the emission rights free of charge on the basis of ambitious product-specific benchmarks. At the beginning of the fourth trading period in 2021, the benchmark was significantly reduced in comparison with the third period. At the same time, prices for emission allowances have roughly tripled compared with 2020 and averaged around €67 in 2024. It can be assumed that the higher price level will persist in the fourth trading period. With the adoption of the EU climate protection programme "Fit for 55" (Green Deal), a decision was made to tighten the CO_2 emissions reduction target within the EU ETS from 43% to 62% compared with 2005. Alongside other influencing factors such as increased interest from investment funds, speculation in the market, and a reduction in the quantity of free allocations to industry, this could be reflected in higher demand for carbon allowances on the market. Furthermore, the UN Climate Change Conference (COP29) in November 2024 agreed rules for the possible development of international carbon markets.

Heidelberg Materials is also affected by CO_2 regulations in North America. While the EU ETS assesses emissions from clinker production, the emissions trading systems in North America are based on cement production. In Canada, a nationwide commitment to financial CO_2 regulations has been in place since the adoption of the Greenhouse Gas Pollution Pricing Act in 2018. Heidelberg Materials North America is affected by emissions trading schemes in Alberta, Ontario, and Quebec, and by carbon taxes in British Columbia. Heidelberg Materials North America has drawn up action plans as part of the Group-wide CO_2 roadmap in order to keep its CO_2 emissions below the declining upper limit for free emission rights. This will be achieved, for example, by improving kiln efficiency, using biomass as an alternative fuel, and reducing the clinker ratio.

The UK Emissions Trading Scheme (UK ETS) replaced participation in the EU ETS. Although the approach to free allocation is similar to that of the fourth trading period of the EU ETS, the price of UK allowances was lower than that of EU carbon allowances (2024: €40–€60 per tonne of CO_2). In the United Kingdom, a compensation mechanism similar to the CBAM has been agreed and is scheduled to be introduced in 2027. However, no decision has yet been made on a possible discontinuation of the free allowances. In Kazakhstan, the national allocation plan for 2022–2025 set a cap of 161.2 million tonnes of CO_2 for 2024. The actual market price for CO_2 is around €1 per tonne of CO_2.

Other Group countries have announced the introduction of far-reaching CO_2 regulations for the coming years. In the Chinese province of Guangdong, the emissions limit is reduced annually as part of an emissions trading scheme. Further CO_2 regulations are being discussed in countries such as Indonesia and Thailand.

For Heidelberg Materials locations that are subject to CO_2 regulations and easily accessible for imports, rising production costs lead to the risk of a competitive disadvantage resulting from cement imports from countries without CO_2 regulations. The gradual introduction of a CO_2-related import regulation was established with the Carbon Border Adjustment Mechanism (CBAM) for the period from 2026 to 2034 as part of the "Fit for 55" climate protection programme within the EU. One of the consequences of the regulation will be the continuous reduction of the free allocation of emission allowances for import volumes. Since October 2023, we have been required to publish quarterly reports on import quantities and associated emissions. From 2026, CBAM allowances corresponding to the volume of CO_2 emissions embedded in the imported products (cement/clinker) will also need to be purchased.

With the EU Industrial Emissions Directive 2010/75 for the European cement industry, the limits for dust and ammonia emissions and for nitrogen oxide emissions were significantly tightened for Germany, considerably exceeding EU requirements. The recently adopted amendment, Directive (EU) 2024/1785, has led to additional tightening of the emission limit values with regard to implementation. Germany is currently drafting an umbrella ordinance to implement this directive, which must be transposed into national law by July 2026. To comply with the environmental regulations, Heidelberg Materials makes ongoing investments aimed at improving its facilities so as to reduce emissions. Measures concerning climate and emission protection are outlined in the **Non-financial statement chapter** and the **Research and development section**.

We classify the regulatory risks related to CO_2 and other emissions as a high and likely risk with a significant impact.

IT/OT risks

IT systems and operational technology (OT) play a central role in both supporting our global business processes and achieving our corporate targets.

To minimise IT/OT risks, we have been regularly recording the IT risks to our core systems at Group level and in the individual Group countries, assessing them qualitatively and quantitatively, and implementing measures aimed at minimising risks since 2022. In 2024, we again focused on Group-wide IT risks and updated our analysis from 2022. We are increasingly using automated survey methods and a central IT/OT risk register. In 2024, we systematically classified global risks relating to operational technology (OT) for the first time as well and also recorded them in the central IT/OT risk register. This measure serves to ensure the security of our operational production processes.

We continue to see two main areas of risk:

1. Unavailability of IT/OT systems as a result of natural disasters (e.g. fire, earthquake, or flood), infrastructural risks (e.g. power failure), technical failures (e.g. hardware or software failures), and human error (e.g. operating errors or configuration errors).

2. Deliberately harmful actions by external and internal actors towards Heidelberg Materials. These are targeted external cyberattacks aimed at obtaining sensitive data or compromising systems. In addition, there are possible threats from internal actors creating or exploiting security gaps.

Measures to minimise availability risks

In Europe, Asia, and North America, Heidelberg Materials operates data centers for critical IT systems in premises leased from third parties.

Backup procedures as well as standardised IT infrastructure, processes, and redundancies are used to minimise availability risks. The procedures are regularly reviewed and adapted to the current cybersecurity situation. In addition, Heidelberg Materials ensures that relevant backup systems are continuously and dynamically adjusted by means of newly developed processes, one example being the restoration of virtual machines (VMs) using an Enterprise Manager self-service tool.

Both the data centers and the services provided by third-parties (cloud services) are operated by a central operations team staffed by our own employees in Czechia, who ensure the availability of all systems operated by Group IT. Our IT security experts are supporting and monitoring the current cloud transformation process to ensure that our infrastructure remains secure in the future.

Our internal software development teams use iterative processes that focus on identifying and managing risks. In 2023, procedures were also established that automatically analyse the developed software for common security issues. For particularly sensitive use cases that interact with our enterprise resource planning (ERP) system, small pilot tests are carried out in a structured manner with trusted partners. Developers are only granted access to sensitive data if an additional signed data protection agreement is in place. This allows risks to be identified quickly and dealt with at an early stage of development. Particular attention is paid to building a scalable architecture that can automatically adapt to needs depending on the level of utilisation.

Measures to minimise external and internal cyberattacks

Due to the present worsened geopolitical situation and the increasing prevalence of cyberattacks as a business model, there is a significantly raised threat level, especially from external actors.

To counteract this threat, IT security capacities were expanded in the 2024 financial year, both strategically and in terms of personnel.

In 2024, Group Security focused primarily on the following strategic measures:

- Adjustment and expansion of cybersecurity strategies with regard to cloud security, security in operational technology, risk management and compliance, security awareness, and IT Security Operation Center, as well as risk and crisis management.

- Regular reporting on the cybersecurity status to the Managing Board, Supervisory Board, and country management, and definition and review of action areas for the coming months and years. To this end, the central cybersecurity KPI reporting system was further expanded in 2024.

- In the first quarter of 2024, Heidelberg Materials conducted an external IT security audit and was awarded ISO 27001 certification for its IT infrastructure. An extensive compliance project was carried out in advance in order to achieve this certification.

- During an external IT security review in the fourth quarter of 2024, Heidelberg Materials was able to demonstrate compliance with the NIST Cybersecurity Framework 2.0 for its IT infrastructure. An extensive compliance project was carried out for this purpose in 2023/2024.

- The central IT Security Operation Center (SOC) was expanded in 2024, both strategically and in terms of personnel. Its task is to monitor sensitive IT systems around the clock using a central platform for recording and managing potential security incidents (including Security Information and Event Management, SIEM) and to respond to relevant security incidents.

- In addition to operational activities, the IT Security Operation Center focused on improving Group-wide vulnerability management, managing Group-wide antivirus solutions, and increasing cyberattack coverage using the MITRE ATT&CK framework.

- Expansion of cybersecurity awareness campaigns and regular training, including running phishing simulations for employees in relation to cybersecurity risks globally and locally.

- Further development of the in-house global community to address cybersecurity issues in the Group countries and spread awareness of cybersecurity within the organisation.

- Recruitment of local IT security officers in the United Kingdom, Germany, Sweden (for Northern Europe), USA, Italy, France, Belgium, the Netherlands, Bulgaria, Australia, and Malaysia.

Group Security (second line of defence) is also responsible for the globally applicable company-internal IT security guidelines and standards, including monitoring, compliance, and implementation. In addition, the Group Internal Audit department (third line of defence) checks compliance with the standards at regular intervals. Continuous security checks based on a structured risk assessment also ensure that the Group can respond to changes in the threat level at short notice.

Heidelberg Materials is aware of the global trend towards increased regulation by lawmakers on the issue of cybersecurity.

Together with the Group Legal department and external partners, Group Security has launched a programme to review the Europe-wide impact of the second EU Directive on network and information security (NIS2), to align the technical and organisational measures already implemented with the respective national implementing acts, and to achieve compliance with the regulations in this regard.

In addition, Group Security supports the Group countries when it comes to local laws and certifications relating to cybersecurity. In 2024, this support focused on the UK Cyber Essentials scheme.

Operational technology risks

Maintaining the operation of our plants is our top priority. When it comes to operational technology (OT), we are facing growing challenges and risks associated with the worsening global threat landscape due to geopolitical tensions and increasingly outdated systems.

For this reason, a risk process for OT was established in the 2024 financial year.

OT risks mainly centre on security breaches, which can result in unauthorised access, tampering, or physical damage to production facilities, and in severe cases, an imminent threat to human life.

To counteract these risks, Group Security worked with the digital infrastructure teams to further develop the OT platform introduced in 2023. This platform ensures the secure and technologically standardised operation of critical operational systems in our plants.

The security standards established in 2023 for the operation of OT were further optimised in 2024 and aligned with international standards such as IEC 62443. In addition, the results of a threat modelling project carried out in 2024 were analysed using an established database (MITRE ATT&CK) containing information on tactics and techniques used by cyber-attackers, evaluated, and integrated into the new, central IT/OT risk register. A comprehensive process was then initiated to remedy the identified vulnerabilities in order to ensure that all detected security gaps are closed systematically and with lasting effect. This ongoing project aims to continuously improve and develop the protection of OT at our plants.

Overall risk assessment for IT and OT

In view of the current heightened threat level resulting from persistent geopolitical tensions and increasing international conflicts, we continue to consider the risk in both the IT and OT environments to be a likely risk (previous year: likely risk) with a moderate impact (previous year: moderate impact) and a likely occurrence (previous year: likely). This assessment is based on the increasing professionalisation of cybercrime and the growing number of critical vulnerabilities in external software products.

Legal and compliance risks

Our important legal and compliance risks include risks from ongoing proceedings and investigations, as well as risks arising from changes in the regulatory environment and the non-observance of compliance requirements. The ongoing proceedings are being monitored from a legal perspective. In addition, provisions for possible disadvantages arising from these proceedings are recognised in accordance with the legislative requirements.

Asbestos-related claims and environmental damage cases in the USA

Some of our shareholdings in the USA are exposed to particular legal risks and disputes relating to former activities. The most significant of these are asbestos-related claims, which, among other things, allege bodily injury and involve several American subsidiaries. Products containing asbestos were manufactured before these companies belonged to Heidelberg Materials. In the USA, these damage claims are being handled and intensively managed by a team of in-house lawyers in collaboration with insurers and external consultants. The dispute is likely to continue for a few more years because of the complexity of the cases and the peculiarities of the American legal system. Provisions have been formed on the basis of an extrapolation of the claims and reliable estimates of the development of costs over the next 15 years. The damage claims are mostly covered by liability insurances. Therefore, provisions in the consolidated balance sheet are offset by corresponding claims against insurers.

Furthermore, there are a considerable number of environmental and product liability claims against former and existing shareholdings in the USA that relate back to business activities discontinued a long time ago. There is partly insufficient insurance cover for lawsuits and liability loss claims relating to toxic substances such as coal by-products, wood preservatives, or soil contamination. Our subsidiaries may also be charged further fines set by the court in addition to the clean-up costs and the compensation. There is, however, a possibility of settling valid claims for compensation outside of court. Overall, we consider the risks related to environmental damages in North America to be a medium risk.

Antitrust proceedings

In recent years and again in 2024, Heidelberg Materials has been affected by a series of antitrust proceedings. These include the now completed investigative proceedings against Italcementi S.p.A. for antitrust violations from the period before Heidelberg Materials took over control, in which a considerable number of private claims for damages are currently being pursued. In Romania, a fine equivalent to around €12 million was imposed on our subsidiary Heidelberg Materials Romania S.A. for allegedly fixing prices with its Romanian competitors in 2017 and 2018. We consider the fine to be unjustified and will contest it, as we do not believe that any prohibited collusion with competitors has taken place and no other violations have been proven. These experiences motivate us to continuously review and develop intensive internal precautions, particularly regular training initiatives – using electronic training programmes, among others – in order to avoid antitrust violations. As in the previous year, we consider the risks from antitrust proceedings to be a low risk.

Compensation disputes in Egypt

Claims for compensation amounting to US$17 million (plus default interest claims exceeding this amount many times over) from unfulfilled commission claims have been brought against our Egyptian subsidiary Heidelberg Materials-Helwan Cement Company S.A.E. (Helwan) before courts in Egypt and California. Helwan is defending itself against these claims. The alleged claims for compensation are said to arise from an exclusive distribution agreement regarding cement exports with The Globe Corporation, California, and its legal successor Tahaya Misr Investment Inc. The claim has been conclusively dismissed in California. In addition, Tahaya Misr Investment Inc. filed a claim with the Egyptian courts against Heidelberg Materials-Suez Cement Company S.A.E. (Suez Cement), the majority shareholder of Helwan, for the same content in 2018. For the legal proceedings in Egypt, we think there is a good chance of the same positive outcome as in California.

As in the previous year, we assign a low risk to each of these cases.

Potential risks due to climate claims

Recent international developments show an increasing number of civil proceedings against CO_2 emitters by private individuals and environmental associations, although the legal basis of such claims is contested. We cannot rule out the possibility that Heidelberg Materials AG or Group companies will also face legal action of this kind. The risks arising from such climate-related claims could be high, but cannot be estimated in more detail at present, given the wide variety of potential courses of such claims. As such, the risk assessment is unchanged compared with the previous year. We currently consider the risk of climate-related claims to be low.

Compliance risks

As part of its sustainable corporate governance, Heidelberg Materials makes a special commitment to act in a socially responsible way. Compliance with applicable law and Group regulations is part of our corporate culture and therefore a task and an obligation for all employees. Violations of our self-commitments or of laws and Group guidelines pose direct sanction risks in addition to strategic and operational risks, and also entail a risk to our reputation. We continue to consider the compliance risks to be a medium risk.

Compliance programme

We have implemented an integrated compliance programme across the Group to ensure conduct that is compliant both with the law and with Group guidelines. Our compliance programme comprises, among other things, the communication of compliance topics via letters and videos, a compliance whistle-blower system, and training measures, and it covers, for example, the risk areas of antitrust and competition law, anti-corruption, and human rights. Violations of applicable laws and internal guidelines will be sanctioned. In addition, corresponding corrective and preventive measures will be taken to help prevent similar incidents from arising in the future.

Moreover, we have implemented a Group-wide system for the evaluation and reduction of corruption risks and potential conflicts of interest. A comparable system to assess human rights risks has also been implemented within the Group. These risk analyses, in conjunction with supplier risk assessments and other elements of the compliance management system, such as the online and telephone-based reporting system SpeakUp, also serve to ensure compliance with the obligations under the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, LkSG). The Group's Human Rights Organisation has been established under the leadership of the Group Human Rights Officer.

To ensure that we comply with the relevant sanctions regulations in the Group countries, in particular those of the EU and the USA, we carry out systematic verification procedures against international sanctions lists. Heidelberg Materials is countering the increased risk posed by complex sanctions regulations against Russia by expanding its screening of business partners. Significant changes to sanctions regulations are communicated on a regular basis.

The results of our compliance risk assessments show a medium compliance risk for Heidelberg Materials. Based on the compliance cases recorded and confirmed in the reporting year, we assess the financial risk from compliance violations as low. For further information, see the **Non-financial statement chapter**.

Climate risks

According to the definition issued by the Task Force on Climate-related Financial Disclosures (TCFD), climate risks include physical risks and transition risks, which we present below.

Physical risks

Physical climate risks are divided into acute and chronic risks. The potential impact of climate change also depends heavily on global developments such as demographic change, economic growth, and efforts to rapidly reduce the CO_2 concentration in the atmosphere. In its analysis of these physical climate risks, Heidelberg Materials has therefore considered both the current risk potentials and – for the periods to 2030, 2040, and 2050 – the recognised scenarios (Shared Socioeconomic Pathways) SSP1, SSP2, and SSP5 of the Intergovernmental Panel on Climate Change (IPCC). These SSP scenarios depict possible ways in which climate change could unfold and also include socio-economic aspects such as projected population growth.

The SSP scenarios cover both optimistic and pessimistic variations. While the SSP1 scenario can be considered consistent with achieving the Paris Agreement's 1.5°C target, the effects of climate change are more severe in the other scenarios and the greenhouse gas concentration also increases. SSP5 corresponds to a “worst-case” scenario.

One industry-specific risk for Heidelberg Materials is the dependence of construction activities on weather conditions. Harsh winters with extremely low temperatures or high precipitation throughout the year can have a short-term negative effect on construction activity, with direct consequences for our revenue and operating performance.

In general, there are significant geographical variations in climate risks. The impact of extreme weather scenarios, such as floods or droughts, can lead to damage to our production sites, interrupt the supply to our customers, or have adverse effects on the supply of upstream products to our operating units. In recent years, for example, prolonged dry periods in Western Europe have caused low water levels, making it difficult to deliver raw materials by water. We respond to weather scenarios like these in various ways, including by investing in flood protection or by using water-saving production techniques. At the same time, past flooding events in Australia, for example, led to interruptions in production and supply.

These actual effects are also reflected in our overall risk analysis. Precipitation stress and heat stress are the principal chronic climate risks, while river flooding is the most significant acute risk. For the period up to 2030, the picture remains largely unchanged, but the risk exposure to drought increases significantly.

Depending on the scenarios considered, the proportion of locations subject to climate risks will see an overall rise over the periods up to 2040 and 2050. For drought stress, for example, there are significant differences between the moderate SSP2 scenario and the SSP5 scenario, which is based on the continued use of fossil fuels. The modelling indicates that our risk exposure would increase significantly. Similar developments would also be forecast for other chronic climate risks such as heat stress and precipitation stress. According to the scenarios, our locations in Asia and Africa in particular would suffer from drought and heat if greenhouse gas concentrations increase, while more northerly regions, such as North America and Europe, would be more severely affected by precipitation stress.

If we analyse the periods up to 2040 and 2050 for acute risks such as tropical cyclones and river flooding, these remain largely stable. While the former naturally occur in Africa, Asia, and Australia in particular, the risk of river flooding tends to affect the northern hemisphere. The relative stability of the acute risks also means that the effects of climate change are already impacting us today.

As the risks are already significant, we began a more in-depth analysis in 2022 and, based on the risk exposure and strategic importance, identified around 100 plants, which are being examined in detail. For this purpose, further risks were included in the modelling and made available to the plants. They have verified the findings, compared them with their own experiences, and are now tasked with developing location-specific adaptation measures for the critical risks, including necessary investment plans. The results of this analysis were taken into account in the strategic risk assessment.

In view of the new reporting requirements for the quantification of sustainability risks under the Corporate Sustainability Reporting Directive (CSRD), which is expected to be applicable from 2025, we plan to integrate the analyses into the accounting processes.

Transition risks

Transition risks are risks arising from the transition to a low-emission economy. They can arise from developments aimed at ending or reversing damage to the climate or nature. The TCFD categorises risks into political and legal, technology, market, and reputational risks. We have identified the following risks as the most important transition risks for Heidelberg Materials.

Policy and legal risks

In the medium to long term, we see the main risk as being additional climate-related regulations or changes to the design (especially prices) of existing regulatory systems. Cap-and-trade systems carry the risk of high operating costs for the purchase of emission allowances within the regulated countries, which can lead to an uneven playing field and significant disadvantages for local manufacturers versus importers and manufacturers from non-regulated countries or from other competing building materials sectors. In 2024, around 40% of our clinker production took place in countries with a cap-and-trade system or comparable CO_2-related taxes with limited financial impact due to partial offsetting (see also **Regulatory risks section**). Following the adoption of the EU ETS regulation for the fourth trading period starting in 2021, the EU will see a far-reaching tightening of existing CO_2 regulations from 2026, especially in connection with the ambitions surrounding the EU climate protection programme “Fit for 55”.

Increasing costs connected with the purchase of emission allowances are anticipated for Heidelberg Materials. The Carbon Border Adjustment Mechanism (CBAM) is therefore intended to progressively ensure a level playing field between EU manufacturers and importers by 2034. The official start of the CBAM and the gradual reduction in the annual allocation of emission allowances is in 2026. However, importers have been required to report their annual production volumes as well as their direct and indirect CO_2 emissions since October 2023.

In addition to emissions related to clinker production, the EU has expanded its emissions trading system for transport-related CO_2 emissions. Gradual implementation of this obligation began in 2024. From 2025, companies will have to pay for the emissions caused by transport by ship. In the long term, this could lead to higher logistics costs for Heidelberg Materials.

The EU regulates other emissions such as SO_X, NO_X, and particulate matter, and requires them to be within or below the limits achieved by the best available technology (BAT). As similar requirements also exist in other countries, it may be necessary to adapt our production facilities in line with local limit values.

Furthermore, there are risks due to missing, insufficient, or future changes in the legal and other framework conditions for the approval and financial support of CCUS projects.

Technology risks

The main technological risk is the substitution of existing products with lower-emission ones that could be available in sufficient volumes in the future and are currently being tested on the market, primarily in small quantities. This relates in particular to new alternative binder concepts, which in turn could trigger a shift in customer preferences (see also **Market and reputational risks section**). We are actively involved in the research and development of potential new product solutions. The Innovation Hub, which is part of the Sustainability Office, works in cooperation with our customers to develop new applications in order to compete by offering alternative products.

Another technology risk in the transition to a low-emission economy is investing in processes that may not succeed in the market. This risk exists particularly with new processes such as carbon capture, utilisation, and storage (CCUS), which may not prove to be as efficient as expected in the future, while investment decisions are already required today. The construction and testing of carbon capture facilities are complex large-scale projects in which unexpected delays can occur in the course of technological implementation. Heidelberg Materials has now launched around a dozen industrial-scale CCUS projects in Europe, the USA, and Canada. Some of the most important future carbon capture technologies for the cement industry, such as amine and oxyfuel technologies, are described in the **Research and development section**.

Heidelberg Materials is pursuing a gradual investment approach based on research cooperation with other partners and, wherever possible, also supported by public funding, in order to gain experience with all major carbon capture technologies. On the one hand, this minimises the risk of failed or uneconomic investments and, on the other hand, ensures that Heidelberg Materials gains experience with future-oriented technologies that could be successful in the market. The roll-out costs of new technologies are also considered risks. Current estimates range widely and depend on several factors, such as economies of scale, which influence the final, currently unknown costs of each technology. Large-scale CCUS projects generally span a value chain in which we are primarily responsible for the carbon capture component in a cement plant. In order to prevent general risks associated with CCS technologies in our projects, such as risks to groundwater quality due to CO_2 leakage, we work together with partners who have decades of exploration experience and expertise in the transport and storage of CO_2 from the implementation of CCS projects in other industries.

In addition to the operational risks mentioned above, investments in new technologies such as CCUS may also have an impact on the achievement of targets within the framework of our sustainability strategy. If the commissioning of corresponding projects is delayed, our CO_2 reduction targets may be missed. Among other consequences, this could jeopardise the company’s reputation.

Market and reputational risks

One of the biggest market risks results from a possible change in consumer preferences that may occur during the transition to a low-emission economy. Such a change could lead to increased substitution of concrete by other building materials perceived as having a lower carbon footprint.

Another market risk is the rising cost of raw materials, which could be caused at least in part by the transition to a low-emission economy. We are also seeing an increase in electricity costs, while at the same time the demand for renewable energy is on the rise. As alternative fuels and raw materials are becoming increasingly difficult to procure, owing to rising demand on the one hand and declining availability on the other, we expect a cost increase closely linked to rising CO_2 costs. We are also working to secure the necessary quantities of alternative raw materials and fuels for our future production through acquisitions, such as the takeover of ACE Group, a supplier of pulverised fly ash in Malaysia. In addition, we are carrying out research and development on the suitability of other alternative materials, such as pozzolans. At the same time, we are exploring opportunities for a long-term supply of renewable energy generated on site at our plants or from specific (virtual) power purchase agreements ((V)PPAs) with strategic partners.

We regard changing investor preferences towards sustainable investments in companies with low CO_2 emissions as a further market risk. This trend could lead to increased financing costs (e.g. when issuing corporate bonds) or lower market capitalisation. As already described (see **Technology risks section**), increasing public interest in sustainability issues and the associated heightened awareness of the company's ESG strategy also come with reputational risks to certain stakeholders if we are delayed in achieving our sustainability targets or fail to achieve them at all. These risks can be mitigated both through the measures outlined above and through open and regular communication.

Overall, we classify the climate risks described above as a general risk with a possible gradual impact on the Group. In our opinion, the risk outlook is stable compared with the previous year.

Opportunity areas

Business opportunities are identified at Group level and at operational level in the individual countries and, if they are likely to materialise, taken into account as part of the strategy and planning processes. In the opportunities outlined below, we refer to possible future developments or events that can lead to a positive deviation from our forecast. Usually, we do not assess opportunities as their likelihood is difficult to estimate.

Financial opportunities

Exchange rate and interest rate risks described under **Financial risks** are also offset by opportunities that can turn the identified factors of influence to our advantage. Fluctuations in the exchange rates of foreign currencies against the euro thus present both risks and opportunities.

In addition, we see opportunities within our Green Finance Framework and our Sustainability-Linked Financing Framework and the associated sustainability-linked financing instruments. These are designed to bring our financing strategy in line with our sustainability targets, particularly in relation to climate protection, and could help us to appeal to a broader investor base and thus improve refinancing costs.

Strategic opportunities

In the medium and long term, as a result of rising population numbers, we particularly see opportunities for growth in demand for our building materials for residential, commercial, and public construction. An increase in prosperity and the ongoing trend of urbanisation, especially in the growth markets of emerging countries, will also drive demand.

We also see particular potential in activities relating to sustainability and digitalisation, which will further develop and transform our core business. Our aspiration to close the loop in terms of carbon emissions and material streams will enable us to market new products and solutions and thus take advantage of the opportunities arising from the increasing demand for sustainable products. The products, product applications, processes, and technologies already developed and under development by Heidelberg Materials for these purposes are described in more detail in the **Operational opportunities**, **Climate-related opportunities**, and **Research and development sections** and in the **Non-financial statement chapter**.

Increasing digitalisation will improve efficiency at Heidelberg Materials, reduce production and administrative costs, and thus improve overall competitiveness. To give an example from cement production: with our digital solution "Planner," which is part of our HProduce product suite and has already been introduced in over 70 cement plants, we have been able to save millions of euros in energy costs through algorithmically optimised production planning and energy procurement. We can achieve significant cost reductions and efficiency enhancements by consistently further developing and scaling up the HProduce solutions. The development of new, digital technology solutions, including solutions for our customers, also opens up opportunities to further expand our role in this area and tap into new fields of value creation. With up to 38,000 monthly users, our HConnect product suite gives us direct digital access to over 10,000 cement and aggregates customers and over 15,000 construction companies worldwide. Going forward, we intend to use this channel to offer our customers bundled products and services consisting of sustainable building materials and digital solutions from our partners that aim to reduce CO_2 emissions and increase efficiency. Examples include Giatec's app-supported sensor technology and AI-based formulation optimisation for the concrete sector.

Operational opportunities

Risks from the strong increase in prices for energy, raw materials, and additives are also offset by opportunities. Overall, the development of energy prices could be more advantageous than planned if the supply of coal, shale gas, and oil exceeds demand again and has a correspondingly positive impact on our cost structure.

Heidelberg Materials is also making greater use of waste materials and by-products from other industries as valuable raw materials and fuels. We aim to increase the proportion of alternative fuels in the fuel mix to 45% by 2030, thereby reducing both CO_2 emissions and our dependence on natural resources and fossil fuels. In addition, our recycling activities are contributing to the diversification of our portfolio and offering opportunities for organic growth and vertical integration. Innovations relating to the circular economy are opening up new possibilities in terms of process optimisation and portfolio expansion, enabling us to reach new customers and enter new markets with circular products while conserving our resources.

In 2023, we introduced evoZero®, the world's first carbon captured net-zero cement, which we will produce once our CCS project starts in Brevik, Norway. With evoZero, we will be able to deliver a net-zero product with the same performance characteristics as conventional cement products as early as 2025. Since CCS technology does not alter the chemical composition and performance of the building material, evoZero cement and concrete can be used for all kinds of applications. On the one hand, this offers Heidelberg Materials the opportunity for product differentiation in a standardised mass market. On the other hand, we will benefit from the fact that Brevik CCS will be the first industrial-scale CCS project in the cement industry to go into operation, ahead of comparable projects by our competitors. The CCS plant in Brevik reached mechanical completion on schedule at the end of 2024.

By 2030, we aim to generate half of our revenue from sustainable products, for which we expect increased demand. More details about our sustainable products can be found in the **Non-financial statement chapter**.

The consistent and ongoing implementation of measures to increase efficiency, reduce costs, and improve margins in production, logistics, and distribution is an integral part of our Group strategy. The opportunity exists for all projects to produce higher than anticipated results and margin improvements that exceed previous expectations.

Climate-related opportunities

The cement industry can make a decisive contribution in the transition to a low-emission and climate-resilient global economy. The urbanisation trend and growing world population are expected to increase the demand for cement and concrete. In the medium term, we see opportunities in a growing demand for durable building materials produced using resource-efficient processes for the construction of resilient infrastructure. With the increasing likelihood of extreme weather events and natural disasters, such as flooding and sea level rise due to climate change, the importance of robust concrete infrastructure capable of withstanding and protecting against the impacts of such events in the regions affected is growing.

To expand our activities in relation to the circular economy and reduce CO_2 emissions, Heidelberg Materials acquired further recycling companies also in the 2024 financial year (see **Investments section**). The reuse of materials like fly ash from energy generation in alternative products such as composite cements strengthens circularity within Heidelberg Materials' value chain. The addition of fly ash as a clinker substitute (supplementary cementitious material, SCM) helps to reduce the CO_2 intensity of concrete.

As part of our strategic alignment towards climate protection and circularity, we are doing intensive research into possible uses for recycled concrete. One focus is on the recarbonation of cement in recycled fractions. The aim of this process called "enforced recarbonation" is to store the same amount of CO_2 in this material as was previously released during the cement production process. The results of our R&D efforts are encouraging, demonstrating a CO_2 uptake potential close to the amount of process greenhouse gases emitted during clinker production. This has the potential to make a significant contribution to the decarbonisation of the industry, and it gives us the opportunity to access new markets with recarbonated products.

In order to be able to offer net-zero cement and concrete at a larger scale in the medium term, we are focusing on carbon capture, utilisation, and storage technology. We have launched around a dozen CCUS projects (including in Padeswood in UK, Slite in Sweden, and Edmonton in Canada). The importance of CCUS in terms of achieving global, regional, and national climate targets has been confirmed by leading international organisations such as the UN Intergovernmental Panel on Climate Change (UN IPCC), the International Energy Agency, and the European Commission. The decision on the global stocktake that was adopted at the UN Climate Change Conference (COP28) in December 2023 contains a clear reference to CCUS as one of the necessary climate technologies whose expansion must be accelerated.

The COP29 UN Climate Change Conference then agreed additional rules for the possible development of international carbon markets. Various regions and countries are therefore working on the necessary regulatory framework and financial incentives to scale up the technology for process industries. For example, both the US Inflation Reduction Act and the European Innovation Fund are supporting innovative large-scale CCUS projects in the cement industry, including our CCS projects in Bulgaria and Germany. Further funding measures are also being driven forward, including the Carbon Contracts for Difference in Canada and the United Kingdom, the introduction of which is also planned in Germany and France. At the same time, an industrial Carbon Management Strategy is being developed at EU level to ensure the rapid introduction of the necessary transnational CO_2 infrastructure. This includes measures to improve the planning and coordination of new CO_2 pipelines, new standardisation processes, and the removal of existing legal obstacles at national level. Efforts are also underway to raise demand for lower-emissions products through the introduction of green lead markets and sustainability criteria in procurement law.

By continuously expanding our CCUS activities, we expect to be able to reduce costs and increase revenue. Firstly, capturing and storing CO_2 removes the need to purchase emission allowances. The financial effect will increase as we emit less CO_2 and as the price of carbon allowances rises. Secondly, we expect a significant revenue effect in the medium term due to higher sales prices for sustainable products. We anticipate that these two effects will exceed the expected annual capital expenditure of expanding our CCUS projects.

More information about our CCUS projects and climate protection measures can be found in the **Research and development section** and **Non-financial statement chapter**.

Assessment of the overall risk and opportunity situation by Group management

The assessment of the Group's overall risk situation is the result of a consolidated examination of all major compound and individual risks. Compared with the previous year, the overall risk situation has remained largely stable. While raw materials and energy markets have stabilised, the current political, social, and economic situation remains tense. At the same time, the threat of cyberattacks is increasing, which continues to entail risks for the Group.

Overall, the Managing Board is not aware of any risks that might jeopardise the Group as a going concern either independently or in combination with other risks. There has been no notable change in the Group's risk situation between the reporting date and the preparation of the 2024 consolidated financial statements. The company has a solid financial base, and its liquidity situation is comfortable.

With its integrated product portfolio, its positions in growth markets, and its cost structure, Heidelberg Materials considers itself well positioned to overcome any risks that may materialise and benefit from opportunities that arise.

Non-financial statement

Part of the combined management report of the Group and Heidelberg Materials AG

General disclosures

About this statement

Pursuant to sections 289b and 315b of the German Commercial Code (Handelsgesetzbuch, HGB), Heidelberg Materials AG prepares a combined non-financial statement for the Group (Heidelberg Materials) and Heidelberg Materials AG. The company has decided to integrate it into the management report. All of the following information refers to the Group and, where not shown separately, also to the parent company Heidelberg Materials AG. The contents of the non-financial statement were not audited in the context of the audit of the annual financial statements and the consolidated financial statements but were subject to an external voluntary audit with limited assurance in accordance with ISAE 3000 (Revised).

Use of frameworks

The material topics for the 2024 financial year were determined according to the principles of double materiality in accordance with the requirements of the European Sustainability Reporting Standards (ESRS) ESRS 1. As we are currently preparing for full implementation of the ESRS requirements, we report on the sustainability topics arising from the double materiality analysis without using a framework. However, we have prepared the non-financial statement in orientation to the ESRS.

The material sustainability matters described in the non-financial statement are grouped by topic into three categories: environment, social, and governance. This statement also contains the information required by Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (hereinafter: Taxonomy Regulation).

Definitions

We define our target to achieve net-zero emissions by 2050 as reducing our CO_2 emissions along the entire value chain in line with the SBTi's 1.5°C pathway, while neutralising residual emissions.

We report the share of revenue from sustainable products Group-wide and for the cement business line. Revenue that we allocate to our sustainable products is not aligned with the definitions of the EU Taxonomy Regulation. We define sustainable cement and concrete in terms of a reduction in CO_2 emissions of at least 30% compared with the GCCA's global reference values from 2020. This translates to a threshold of ≤ 552 kg CO_2/t for cementitious material and ≤ 5.5 kg CO_2/m³/MPa for ready-mixed concrete. Circular products must contain at least 30% recycled aggregates or reduce material requirements by at least 30% in order to be included in the share of revenue from sustainable products.

Relationships with the financial statements

Information on amounts in the consolidated financial statements that are related to the risks reported in the sustainability statement are explained in **Note 9.13**.

The other environmental provisions include recultivation, environmental, and asset retirement obligations. In connection with the preservation of biodiversity in our quarries, there are provisions for recultivation obligations, which relate to obligations to backfill and restore raw material quarrying sites.

Provisions for environmental obligations were recognised on the basis of contractual or official regulations and essentially include expenses connected with the cleaning up of contaminated areas and the remediation of extraction damages.

The provisions for asset retirement obligations pertain to obligations arising in connection with the removal of installations.

Miscellaneous other provisions exist, among other things, for other litigation risks in relation to pending antitrust proceedings, for the obligation to return emission rights, and for compensation obligations to employees arising from workplace accidents.

The scope of consolidation for the non-financial statement corresponds to that of the consolidated financial statements. The non-financial statement also covers the Group's upstream and downstream value chain.

If a key figure is validated by an external body, this is explained in the topical standard for the relevant key figure.

Information on ISO standards can be found in the **Climate change**, **Pollution**, and **Own workforce chapters**.

Heidelberg Materials defines the time horizons applied as 1 year for short term, > 1–3 years for medium term, and > 3 years for long term in order to ensure consistency with the time horizons applied in risk management.

Heidelberg Materials reports in accordance with the requirements of the Global Cement and Concrete Association (GCCA). The GCCA also carries out regular external audits.

Governance

In accordance with the legal regulations, Heidelberg Materials has three institutions: the Annual General Meeting, the Supervisory Board, and the Managing Board. The tasks and responsibilities of these institutions are primarily based on the German Stock Corporation Act (Aktiengesetz, AktG) and the company's Articles of Association.

The Managing Board is the company's managing body and has overall responsibility for corporate governance. In this regard, it is obliged to act exclusively in the Group's best interests within the framework of the law. The Managing Board shall take into account the interests of shareholders, its employees, and other stakeholders. The aim is to create sustainable added value. The Managing Board develops the Group's strategy, coordinates it with the Supervisory Board, and ensures its implementation. The Managing Board makes sure that all provisions of law and the Group's internal guidelines are adhered to and works to achieve compliance by Group companies. Each member of the Managing Board runs their management department independently and on their own responsibility.

The Supervisory Board advises and supervises the Managing Board in the management of the company. In all decisions of fundamental importance to the company, the Managing Board involves the Supervisory Board directly.

The Managing Board and Supervisory Board of Heidelberg Materials cooperate closely for the benefit of the Group. The Managing Board agrees on the Group's strategy with the Supervisory Board. In addition, it regularly informs the Supervisory Board of all issues of importance relating to strategy, planning, business development, risk situation, compliance, and sustainability.

The Managing Board of Heidelberg Materials AG consists of nine members. The Supervisory Board of Heidelberg Materials AG consists of twelve members. Pursuant to the German Co-Determination Law (Mitbestimmungsgesetz, MitbestG), the Supervisory Board is composed of an equal number of shareholder representatives and employee representatives.

The Supervisory Board reviews its own composition regularly. It is satisfied that its members have the necessary knowledge and experience to carry out their supervisory tasks duly and properly.

The composition of the Supervisory Board shall appropriately reflect the national and international orientation of Heidelberg Materials as a leading building materials manufacturer. In addition, the Supervisory Board shall ensure an appropriate diversity with regard to age structure and the respective educational and professional background of its members. Furthermore, the competences of the individual members of the Managing Board and Supervisory Board shall complement each other. Information on the competences of the members of the Supervisory Board can be found in the **Corporate Governance statement.**

The following table provides an overview of the composition of the Managing Board and Supervisory Board based on diversity characteristics:

Diversity characteristics

31 December 2024	Managing Board	Supervisory Board
Number of women	1	5
Share	11.1%	41.7%
Number of persons aged 30–50 years	4	4
Share	44.4%	33.3%
Number of persons over 50 years of age	5	8
Share	55.6%	66.7%
Number of persons with German nationality	5	11
Share	55.6%	91.7%
Number of persons with foreign nationality	4	1
Share	44.4%	8.3%

Further information on the diversity concept for the Managing Board and Supervisory Board can be found in the **Corporate Governance statement**.

According to the assessment of the shareholder representatives on the Supervisory Board, all shareholder representatives can currently be regarded as independent within the meaning of recommendations C.6 and C.7 of the German Corporate Governance Code.

Sustainability is an issue of strategic importance for Heidelberg Materials and its long-term business development. The Supervisory Board and the Managing Board regularly discuss the sustainability strategy and individual sustainability topics. The Supervisory Board receives a report from the Managing Board at least once a year on the Group-wide sustainability strategy and the status of its implementation. The Supervisory Board has also set up a Sustainability and Innovation Committee. It advises the Managing Board on all aspects of sustainability and continuously monitors the Group's progress towards its sustainability targets. In order to meet the ever-growing challenges in relation to sustainability, the Supervisory Board has appointed the Chief Sustainability and New Technologies Officer (CSO) to take functional responsibility for sustainability topics on the Managing Board. The CSO is supported in the fulfilment of her duties by the Sustainability Office. The departments of the Sustainability Office work on a range of tasks, such as the design of the sustainability strategy, including the associated **Sustainability Commitments 2030** targets, and the research and development of innovative materials and technologies. The Sustainability Office is also responsible for drawing up potential business models and establishing a strong, cross-industry partnership network.

With regard to Corporate Governance, the Director of the Group Legal & Compliance department regularly reports to the Managing Board and the Audit Committee of the Supervisory Board on the implementation and further development of the Group-wide compliance management system as well as on significant compliance incidents.

In connection with the schedule of responsibilities, the Managing Board Rules of Procedure govern the work of the Managing Board, in particular the departmental responsibilities of individual members of the Managing Board. The CSO monitors the material impacts, risks, and opportunities in relation to the material sustainability topics. The Supervisory Board's Rules of Procedure also refer to the Sustainability and Innovation Committee, which is responsible for advising and monitoring the Managing Board with regard to sustainability. The Audit Committee is responsible for compliance and human rights issues.

The CSO is responsible for achieving the **Sustainability Commitments 2030** targets and implementing corresponding measures. The Managing Board has established various steering committees in relation to the material impacts, risks, and opportunities. These include the steering committee for the CO_2 roadmap, for sustainability reporting, and for our sustainable product brands evoZero and evoBuild, with the participation of at least one member of the Managing Board. The steering committees and regular scheduled meetings of the heads of departments within the Sustainability Office keep the CSO and additionally, with regard to the collection of ESG indicator data, the Chief Financial Officer, apprised of developments.

Our **Sustainability Commitments 2030** were approved by the Managing Board in 2022. The Managing Board monitors progress towards target achievement on a quarterly basis, in terms of CO_2 emissions and the share of revenue from sustainable products, for example. The development of workplace accidents is explained to the Managing Board on a monthly basis. Some key figures, such as the Supplier Sustainability Performance Rate and the number of water management and recycling plans, are collected semi-annually or annually and presented to the Managing Board by the Group ESG department.

The CSO provides the Supervisory Board with an update on the **Sustainability Commitments 2030** and the level of target achievement at least once a year.

When selecting the members of the Managing Board, the Supervisory Board ensures that they possess the knowledge and skills required to manage the company as a whole, including aspects of corporate policy and their respective Managing Board responsibilities.

The Chief Sustainability and New Technologies Officer (CSO) is the member of the Managing Board responsible for sustainability. She has extensive expertise in sustainability issues thanks to her training and professional experience. This includes experience in the field of sustainable corporate governance, the integration of ambitious sustainability targets into existing business processes and corresponding change management, as well as knowledge of sustainable technologies and corresponding business models.

In addition, the Managing Board can draw on the sustainability expertise of all relevant Group departments, including the Sustainability Office and the Group Compliance department. To ensure that Heidelberg Materials' Sustainability department has the necessary competences, the training and professional experience of candidates are checked during the recruitment process. In the course of day-to-day business, expertise is continuously augmented by gaining professional experience through interdisciplinary cooperation, external consulting services, internal audits, and technological support, for example. Advanced training measures shall also help to keep the department up to date.

A profile of skills sets outs the specific knowledge, skills, and professional experience that should be represented on the Supervisory Board. The competences required include industry knowledge, governance, legal, and compliance, strategy, sustainability, and digitalisation.

On the Supervisory Board, the skills should be represented as broadly and in as balanced a way as possible. In addition, the in-depth specialist skills of the individual members of the Supervisory Board in individual fields should complement each other. The Supervisory Board counts among its members two sustainability experts with in-depth specialist knowledge; they are also members of the Supervisory Board's Sustainability and Innovation Committee. In the opinion of the Supervisory Board, all members of the Sustainability and Innovation Committee have particular expertise as regards sustainability. This opinion is based on a corresponding self-assessment by the members (see **Corporate Governance statement)**.

For each area of the sustainability topics assessed in the double materiality analysis as material for Heidelberg Materials, there are experts within the company at Managing Board, Group, and business line level. The Supervisory Board's Sustainability and Innovation Committee is particularly focused on the reduction of the company's carbon footprint, related innovation topics and growth opportunities, and other ESG topics such as respect for human rights.

Sustainability topics addressed by the Managing Board and Supervisory Board

Sustainability topics are regularly presented and discussed at the Managing Board meetings. These topics are presented by the CSO and, as required, by the relevant experts. The CSO oversaw the performance of the double materiality analysis and presented it to the full Managing Board for its information. The material impacts, risks, and opportunities of sustainability matters identified in the double materiality analysis were discussed with and approved by the full Managing Board.

The Supervisory Board also regularly addresses sustainability topics, including the material impacts, risks, and opportunities identified in the double materiality analysis and sustainability reporting. The Audit Committee is responsible for overseeing the sustainability reporting process and auditing the non-financial statement. In this connection, it also receives reports on the material impacts, risks, and opportunities identified in the double materiality analysis. In addition, the Audit Committee regularly reviews the effectiveness of the internal control system, risk management system, and compliance management system. Furthermore, the Sustainability and Innovation Committee meets twice a year.

Before any major investment decisions are made, the relevant departments share their assessments with both the Managing Board and the Supervisory Board. These assessments relate to the impacts of the transaction in question on the Group's strategy, finances, and sustainability targets. The Managing Board and the Supervisory Board give due consideration to these statements when making their decisions and weigh up the impacts. Material risks and opportunities are taken into account in risk management processes and procedures. At their meetings, the Managing Board and Supervisory Board receive regular reports from the responsible functions.

On a case-by-case basis, we strive to reach balanced compromises that meet the specific requirements and circumstances of the given situation. Due diligence processes are carried out for this purpose, with the respective project teams presenting studies and proposals, which are then weighed against each other in terms of financial and ESG-related arguments. The findings are presented to the Managing Board, which then seeks to balance the diverging interests and make a sound and well-founded decision that suits all parties involved.

Impacts, risks, and opportunities addressed by the Managing Board and Supervisory Board in 2024	Responsibility	Semi-annually
Compliance with the company's CO_2 roadmap, including CCUS projects	Managing Board, Supervisory Board, Sustainability and Innovation Committee	Semi-anually
Impact of investments on the Group's strategy, finances, and sustainability targets	Managing Board, Supervisory Board	Monthly
Weighting of sustainability matters in Managing Board remuneration	Supervisory Board, Personnel Committee	Annually
Occupational safety	Managing Board	Monthly
Topical issues affecting the Group departments (including Human Resources, Sustainability, Technology, Strategy & Development/M&A), as required	Managing Board	Monthly
Development and progress towards achieving the Sustainability Commitments 2030 targets	Managing Board, Supervisory Board	Semi-anually or annually
Development of the evoZero and evoBuild sustainable product brands	Managing Board	Monthly

Sustainability-related remuneration components

The remuneration system of the Managing Board is aligned with the Heidelberg Materials Group strategy. By selecting appropriate performance criteria for the performance-related remuneration, incentives are given to implement the Group strategy and to promote the long-term and sustainable development of Heidelberg Materials. Both financial and non-financial performance criteria are used to represent the company's success as a whole. The consideration of ESG targets in the performance-related remuneration underlines the simultaneous pursuit of excellent business performance combined with environmentally and socially responsible conduct.

The remuneration of the company's Managing Board is based on the principle that members of the Managing Board should be remunerated appropriately according to their performance. With the high proportion of performance-related remuneration components, the Supervisory Board pursues a strict pay-for-performance approach.

Performance-related remuneration components

For the overall consideration of the company's success, various performance criteria are used within the performance-related remuneration components to measure the target achievement. The performance criteria are derived from the Group strategy and are both financial and non-financial. Furthermore, a significant proportion of the selected performance criteria contribute to the achievement of Heidelberg Materials' sustainability targets. Within the framework of the Managing Board remuneration system, 40% to 60% of short-term variable remuneration is dependent on sustainability-related key figures. The climate targets in the Managing Board remuneration are based on Heidelberg Materials' emission reduction targets.

Annual bonus

Sustainability is an important component of the performance criteria in both the annual bonus and the long-term bonus. Half of the overall target achievement for the annual bonus is measured on the basis of "Group Performance" and half on the basis of "Sustainable Strategy Targets".

Group Performance is measured on the basis of the profit for the financial year attributable to the shareholders of Heidelberg Materials AG (profit for the financial year) and the CO_2 component, which takes into account the reduction in Group-wide CO_2 emissions. The target achievement is calculated by multiplying the target achievement for the profit for the financial year by the CO_2 component.

The CO_2 component is intended to provide a significant incentive to achieve the CO_2 reduction targets set as part of the Group strategy. At the same time, the aim is to promote the long-term and sustainable development of Heidelberg Materials by orienting the business model towards resource-efficient production.

Sustainable Strategy Targets

The Sustainable Strategy Targets represent the second target category for the annual bonus. They consist of four different performance criteria. Health and safety and free cash flow adjusted for special items are firmly anchored in the remuneration system. The third performance criterion is a sustainability-related key figure. Targets for the increase of sustainable revenue were agreed with the members of the Managing Board for the 2024 financial year as part of this criterion. In the context of this target, the share of Group revenue generated by sustainable products in the cement business line is measured. For all three performance criteria, the targets of the functional members of the Managing Board are based on the respective performance at the Group level, while the targets for the other members of the Managing Board focus on the respective Group area.

The fourth performance criterion is an individual target set by the Supervisory Board for each member of the Managing Board at the beginning of each financial year.

For the 2024 financial year, the Supervisory Board has defined the weighting of the Sustainable Strategy Targets as follows:

Weighting of the Sustainable Strategy Targets for the 2024 financial year

Health and safety	20%
Free cash flow	40%
Sustainable revenue	20%
Individual target	20%

The health and safety Sustainable Strategy Target is designed to ensure the occupational health and safety of Heidelberg Materials' employees. In order to achieve this target, the Supervisory Board set specific targets for reducing the lost time injury frequency rate (LTIFR) in the 2024 financial year.

The aim of the increase of sustainable revenue Sustainable Strategy Target is to help raise the share of Group revenue generated by sustainable products in the cement business line to 50%, as set out in the **Sustainability Commitments 2030**.

The annual bonus also includes an individual target, which can be specific to each member of the Managing Board. It, too, can be sustainability-related.

Long-term bonus

In the context of the global challenges caused by climate change and resource scarcity, an ESG target has been included in the long-term bonus since the 2024 financial year in order to provide incentives to achieve Heidelberg Materials' ambitious sustainability targets in the long-term performance-related remuneration component as well. The ESG target in the long-term variable remuneration has a weighting of 25%.

At the beginning of the duration of a tranche of the long-term bonus, the Supervisory Board sets a measurable and quantifiable ESG target. The ESG target is derived from Heidelberg Materials' Group and sustainability strategy, taking into account the results of the materiality analysis.

For the 2024 tranche of the long-term bonus, the Supervisory Board agreed targets with the members of the Managing Board to reduce specific CO_2 emissions per tonne of cement over the three-year performance period of the long-term bonus. Reducing CO_2 emissions is a key lever when it comes to achieving Heidelberg Materials' **Sustainability Commitments 2030**. The integration of the CO_2 multiplier into the annual bonus, in combination with the definition of CO_2 reduction targets over a three-year period in the long-term bonus, is intended to create a balanced incentive profile for the members of the Managing Board to reduce specific net CO_2 emissions to 400 kg of CO_2 per tonne of cementitious material by 2030.

Pursuant to section 87(1) of the AktG, the Supervisory Board of Heidelberg Materials AG determines the remuneration of the Managing Board (and thus also approves and updates the conditions of incentive schemes).

Further information on the remuneration system and on the target achievement calculations can be found in the **Remuneration report chapter**.

Risk management and internal controls over sustainability reporting

Heidelberg Materials has implemented Group-wide risk management processes as well as internal control processes that are aligned with its sustainability reporting.

ESG risks are integrated into the Group's general risk management system, where they represent a separate category in the risk areas. The current ESG risks identified through this system then serve as the basis for the double materiality analysis used in sustainability reporting, to help ensure consistency. In turn, annual validation of the materiality analysis ensures that Heidelberg Materials reports on the relevant topics and the material ESG indicators derived from them.

The long-standing and well-established external auditing of the Group's non-financial statement by the auditor represents another cornerstone of its risk management and controls with regard to sustainability reporting.

Further components of the risk management process relating to the collection of the key sustainability figures include checks on the data before it is entered into the Group consolidation systems at the production sites and more extensive data validation at various levels of the Group. Lastly, the ESG indicators are subject to a final review by the Group ESG Controlling department and confirmed as correct and up to date by the Finance Directors of the respective Group countries.

The internal audit process is one element of the internal control system. The Group Internal Audit department undertakes targeted sustainability audits, which examine, among other things, the reporting and control processes for the ESG indicators. The results of these audits feed into the reporting processes as improvement suggestions. Individual reporting processes – such as collecting data on sustainable revenue in the various business lines – were already part of the internal audit. The internal control system is based on local and global control processes.

Finally, the Group Communications & Investor Relations department is responsible for ensuring that the sustainability reporting requirements are met in full.

The risk assessment approach taken by Heidelberg Materials with regard to sustainability reporting follows the system whereby, in particular, information relevant to management and/or remuneration, such as specific net CO_2 emissions per tonne of cementitious material (Scope 1) or sustainable revenue in the cement business line, is audited by an external party with reasonable assurance. The other material sustainability information is subjected to limited assurance to establish the reliability of the sustainability reporting.

The most important risks identified in connection with sustainability reporting include data integrity, regulatory changes, and external reporting requirements. Heidelberg Materials has implemented specific control measures to mitigate these risks, including the introduction of robust data management systems, advanced training and education of relevant employees, and monitoring of regulatory developments through membership of industry associations and networks.

The findings of the risk assessments and internal controls are integrated into the relevant internal functions and processes. Among other things, this can entail the Group Communications & Investor Relations department adapting the reporting preparation processes and the Group ESG Controlling department making continuous improvements to the internal control systems in the data collection processes.

The results of the risk assessments and internal controls are reported to the Chief Financial Officer directly or via steering committees on a regular basis. These reports contain detailed information on identified risks, controls carried out, and recommended actions to further improve sustainability reporting. Selected ESG indicators are presented to the full Managing Board on a quarterly basis. The key figures in terms of CO_2 for the cement business line and the share of sustainable revenue are discussed at the quarterly management meetings, at which the Group countries present current business developments to the Chairman of the Managing Board, the Chief Financial Officer, and the Managing Board member with responsibility for the respective Group country. The Supervisory Board, and the Audit Committee in particular, is also kept informed about the risks and progress of the sustainability reporting. In addition, it selects an audit focus topic associated with non-financial reporting and the ESG indicators each year.

Relevance of sustainability to the business model

Heidelberg Materials has firmly embedded sustainability matters into its Group strategy. We want to significantly reduce the impact of our business activities on the climate and shrink our carbon footprint. As one of the leading building materials manufacturer, we see it as our responsibility to play a pioneering role in transforming our industry to meet current and future needs. We want to make a substantial contribution to sustainable construction and net zero and assume social and environmental responsibility.

Climate protection is an integral part of the Group strategy. The production of cement generates a large amount of CO_2 due to the chemical processes involved in burning clinker and the high temperatures this requires. Therefore, we are making greater use of alternative raw materials and fuels to reduce CO_2 emissions. We also optimise our production processes to increase energy efficiency. To reduce the consumption of primary raw materials, we are committed to circularity and strengthening the circular economy. At product level, our focus is on the broad introduction of low-carbon cements and concretes, the use of recycled materials, and the application of new technologies such as 3D concrete printing. We are also continuously working to expand our portfolio of carbon capture, utilisation, and storage (CCUS) projects. CCUS is a key technology for the complete decarbonisation of cement production.

Heidelberg Materials is a manufacturing company. The extraction of raw materials and the production of cement and aggregates carry various risks of accident and injury, for example with regard to the transportation of raw materials and finished products, working at great heights, high voltage currents, using heavy technical equipment, or with respect to rotating parts of kilns, mills, or conveyor belts as well as very high temperatures around the cement kilns. With effective preventive measures, we intend to minimise the risk of accidents and injuries as well as the risk of work-related illness. Occupational health and safety is a cornerstone of our corporate culture and work processes.

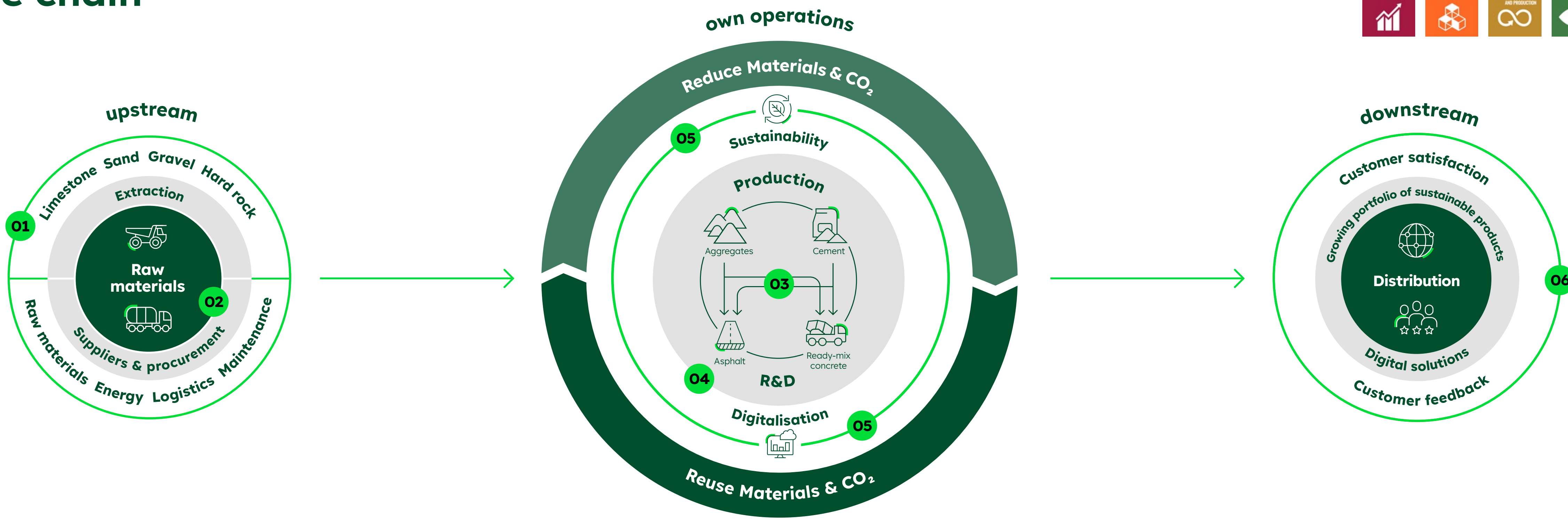
Heidelberg Materials is committed to corporate governance and pursues a zero-tolerance policy in the event of corruption and antitrust violations. Our corporate responsibility includes upholding human rights and acting ethically and fairly, including in our political engagement and lobbying activities.

Our activities are divided into four business lines within four geographical Group areas. Our core products are cement, aggregates, ready-mixed concrete, and asphalt, which we sell in around 50 countries worldwide.

In 2024, we generated revenue of €77 million from transporting and trading coal through our subsidiary HM Trading. This corresponds to 0.36% of Group revenue. HM Trading generated €116 million or 0.55% of Group revenue from transporting and trading petroleum coke. For more information regarding HM Trading see **Group Services section**.

More information about our business model can be found in the **Business model**, **Organisational structure**, and **Strategy sections**.

Value chain



Through our **Sustainability Commitments 2030**, we are supporting the UN Sustainable Development Goals (SDGs). In doing so, we aim to help tackle 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. Given our business model, we focus particularly on SDGs 5, 8, 9, 12, 13, and 15.

01

SDG 15

The raw materials needed to produce our building materials – limestone for cement production as well as sand, gravel, and hard rock – are generally obtained from our own extraction sites or by recycling mineral waste products and demolition material.

02

SDG 8, 12

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 suppliers. Our global trading activities include the trading of cement, clinker, supplementary cementitious materials, and fossil and alternative fuels. Our expenses mainly relate to the categories of primary and alternative raw materials, energy, logistics, and maintenance.

03

SDG 9

Our business is based on the production of cement and aggregates, the two essential raw materials for manufacturing concrete. In our aggregates pits and quarries, we are committed to environmentally friendly extraction methods as well as to the subsequent restoration and reclamation of mining sites. We process our raw materials into ready-mixed concrete, asphalt, and various other materials. We are focused on expanding our sustainable product portfolio, supported by R&D into innovative solutions.

04

SDG 9, 12, 13

Innovative products and technologies, as well as improvements to our processes, help us minimise energy consumption and CO_2 emissions. Our R&D teams are working on new formulations that will replace conventional, energy- and raw material-intensive products to an ever greater degree. This also involves raising the proportion of recycled material in our products. At the same time, we are developing and scaling up carbon capture technologies and also working to reduce emissions in logistics.

05

SDG 12

Our range of sustainable products and solutions is growing steadily thanks to the integration of sustainability in our value chain. Our portfolio includes both low-carbon and circular products. Building material recovery and concrete recycling are making a significant contribution in this regard. Alongside sustainability, a digital infrastructure across all our business lines and locations is also part of our transformation. We are developing digital products and providing customer solutions that help us to be successful, efficient, and transparent in our core business.

06

SDG 12, 13

Our proximity to the market enables us to develop products in close consultation with consumers and end-users. We offer products that are circular and consider the entire life cycle of a building – especially its recyclability – in line with the principles of a circular economy. Rather than ending with the product, our work also includes providing expert advice, particularly on implementing sustainable solutions. We also offer distribution and logistics services.

Our Sustainability Commitments 2030

The world needs carefully considered, sustainable, and resilient infrastructure, buildings, and public spaces. Challenges like climate change, resource shortages, and demographic change mean that the production and use of heavy building materials must evolve. At Heidelberg Materials, we are working to transform our business to address these challenges and placing social considerations at the core of what we do alongside corporate governance and environmental responsibility.

With our Sustainability Commitments 2030, we set targets to the following topic areas: Net Zero, Circular & Resilient, Safe & Inclusive, and Nature Positive.

- We drive the decarbonisation of our sector and provide low-carbon products.
- We drive circularity to reduce and reuse materials and natural resources.
- We place the health and well-being of employees, communities, and suppliers at the core of our business operations.
- We contribute to a nature positive world through our biodiversity programme and sustainable water management.

We market our sustainable products, which stand out for their contribution to the reduction of CO_2 emissions and circularity, under the evoBuild® product brand, which has already been introduced in the consolidated Group companies in the Europe Group area. evoBuild will be gradually rolled out in further Group countries. The evoBuild product portfolio and our evoZero® product brand for the net-zero cement of the future, produced using CCS technology, will make a decisive contribution to increasing our sustainable revenue (see **Climate change** and **Circular economy chapters**).

We continuously monitor the achievement of our sustainability commitments. The **following overview** shows the progress made towards our targets as at the end of the financial year.

Building a net-zero future

		2024	Target 2030
CO_2 and Energy	Reduce our net Scope 1 emissions to 400 kg per tonne of cementitious material	527 kg CO_2/t cementitious material	400 kg CO_2/t cementitious material
	Reduce our total CO_2 footprint according to the SBTi 1.5°C pathway [1]		
	Gross Scope 1 (–24% per tonne of cementitious material vs. 2020)	–7%	–24%
	Gross Scope 2 (–65% per tonne of cementitious material vs. 2020)	–12%	–65%
	Scope 3 (–25% in absolute emissions from purchased cement and clinker vs. 2020)	–13%	–25%
Additional Emissions	Reduce specific sulphur and nitrogen oxide emissions (SO_X and NO_X) per tonne of clinker by 40% compared with 2008 [2]		
	NO_X	–17%	–40%
	SO_X	–48%	–40%
Sustainable Revenue	Achieve 50% of our revenue from sustainable products that are either low-carbon or circular		
	CEM	43%	50%
	All business lines	34%	50%

Building a safe and inclusive future

		2024	Target 2030
Diversity, Equity & Inclusion	Ensure that 25% of leadership positions are filled by women	18%	25%
Occupational Health & Safety	Achieve zero fatalities and	2	0
	reduce lost time injury frequency rate (LTIFR) by 50% compared with 2020	–19%	–50%
Community Engagement	100% of our sites have community engagement plans [4]		
	CEM	54%	100%
	All business lines	78%	100%
	All employees are offered one day per year of paid leave for voluntary community work	systematically implemented	
Sustainable Suppliers	80% of critical suppliers spend confirmed with a green ESG rating	64%	80%

Building a circular and resilient future

		2024	Target 2030
Circularity	Offer circular alternatives for 50% of our concrete products – aiming for full coverage	Data collection in progress	50%
	Total volume of processed circular materials across all business lines	28.2 mt [3]	
Sustainable Revenue	Achieve 50% of our revenue from sustainable products that are either low-carbon or circular		
	CEM	43%	50%
	All business lines	34%	50%

Building a nature positive future

		2024	Target 2030
Biodiversity	100% of active quarries contribute to the global goal of nature positive, with 15% space for nature	75% [5]	100%
Water	100% of sites in water-risk areas implement:		
	AGG: water management plans	35%	100%
	AGG: water recycling systems	55%	100%
	CEM: water management plans	30%	100%
	CEM: water recycling systems	78%	100%

1) Market-based emissions (cement business unit only)
2) The baseline values from 2008 are not included in the external voluntary audit to obtain limited assurance.
3) Value is not included in the external voluntary audit to obtain limited assurance.
4) The scope currently extends to cement and aggregates sites and is being expanded.
5) In 2024, the assessment was completed at > 90% of the active quarries.

Stakeholder engagement

STAKEHOLDER	RELEVANT TOPICS	DIALOGUE FORMATS
Employees	Corporate culture and strategy, compliance, occupational health and safety, business performance, sustainability, digitalisation, transformation of the company	Virtual and on-site meetings, works council, works meetings, intranet, social networks, in-house magazines, video messages, training, and e-learning
Investors and analysts	Business performance, Group strategy, portfolio management, sustainability, digitalisation, corporate governance, Green Finance	Annual General Meeting, quarterly conference calls, investor conferences, roadshows, one-to-one and group discussions, Capital Markets Days
Customers	Information on products, solutions, and certifications, innovative and sustainable products, product quality, handling of customer data	Face-to-face meetings, customer events, Sustainability Academies, participation in trade fairs, digital services (e.g. online advice), digital services as a service interface
Suppliers	Supplier contracts, Supplier Code of Conduct, procurement conditions, sustainability in the supply chain, compliance, human rights	Supplier discussions and surveys, supply chain due diligence, supplier days, training on safety and sustainability topics
Local communities	Requests for visits, sponsorship, and information, complaints (e.g. about noise and dust pollution), investment plans, and planned large-scale projects (e.g. relating to CCUS), biodiversity projects, community engagement (e.g. in the field of education and healthcare)	Face-to-face meetings, newsletters and guidelines, social media, site visits and open days, establishment of contact offices, holding information and discussion events
Non-governmental organisations	Human rights, climate protection and the protection of resources and the environment, CCUS, occupational safety, corporate governance	Panels and discussion events, answering enquiries, partnerships, plant visits, joint communication measures (e.g. position papers), joint projects on biodiversity in quarries
Politics and public service	Decarbonisation and sustainability of the building materials industry, energy and climate policy, protection of the environment and resource conservation, infrastructure with a focus on CCUS, the circular economy, quarrying and securing raw materials, sustainable financing, funding, permits	Face-to-face meetings, plant visits, public events and panels organised by associations and organisations, hearings, committee work
Universities and research institutions	Research cooperation, scientific exchange, teaching activities, funded projects	Talks, research projects, participation in professional events, publications, internships, student trainee positions, Quarry Life Award

We are committed to cooperative relationships and a dialogue based on trust with the relevant stakeholder groups at local, national, and international level. The exchange of ideas with various stakeholder helps us to identify relevant issues at an early stage and incorporate the stakeholder perspective into strategic considerations.

Each country organisation is responsible for establishing and maintaining its own relationships with national and local stakeholder groups. Stakeholder dialogue at international level is managed by the Group Communication & Investor Relations department and the Sustainability Office. Our continuous dialogue with investors and analysts about the Group's strategy has contributed, among other things, to the launch of a second share buyback programme.

For industrial transformation and the transition to net zero to succeed, our stakeholders need to understand and support the associated changes. This is particularly important when it comes to the successful implementation of our CCUS projects. We take this matter very seriously and develop comprehensive strategies for informing and involving our stakeholders. To successfully implement projects at the respective locations, we support them with numerous communication measures and participation formats. In addition, we involve local stakeholder groups at an early stage when planning investment projects, such as by holding information and discussion events.

Sustainably increasing our enterprise value while limiting the impacts of our business activities on the environment and society forms the basis of Heidelberg Materials' Group strategy and entrepreneurial activity.

Our progressive dividend policy and share buyback programmes allow our shareholders to participate in the success of our strategy and business activity. Safe work processes and a motivated and well-trained workforce are vital to our long-term corporate success. That is why we also take our employees' requirements into account in our strategy and business model. In a market with largely standardised building materials, customer focus and service quality are crucial in order to market our products and solutions successfully. In this regard, we rely in particular on the market knowledge of our local management. By further developing our product portfolio according to the needs of our customers, we are striving for profitable growth in line with our sustainability targets (see **Strategy section**).

The Managing Board and the Supervisory Board use various formats to find out about the concerns of the stakeholder groups. The Managing Board regularly participates in works meetings. Topics such as occupational safety are on the agenda of the Managing Board meetings every month. Both the Managing Board and the Chairman of the Supervisory Board gather information about the views of investors and analysts at conferences and roadshows. Customer feedback – regarding the launch and acceptance of the evoZero product brand, for example – is likewise presented to the Managing Board.

The Sustainability Reporting Steering Committee consists of the Chief Financial Officer, the Chief Sustainability and New Technologies Officer, and the Chief Digital Officer, among others, and also stays informed about statutory reporting requirements in this corporate body.

The Managing Board informs the Supervisory Board regularly, in a timely manner, and comprehensively, about sustainability topics, among other things.

Through the Sustainability and Innovation Committee, the Supervisory Board addresses various matters, including the interests of various stakeholder groups, such as employees and customers.

By conducting interviews with employees in production and administration, managers, employee representatives , and trade union representatives, we can understand the concerns of our own workforce and take them into account. In addition, the Chairman of the Managing Board regularly participates in discussion formats such as Management Dialogue or works meetings, and is therefore able to listen to employees' concerns directly and incorporate their views into the Group strategy and business model where appropriate (see **Own workforce chapter**).

The interests of workers in the value chain are incorporated into the Group strategy and business model indirectly, through cross-sectoral initiatives (e.g. GCCA, Cembureau), for example. Compliance with minimum standards in the upstream value chain is a requirement of our Supplier Code of Conduct (see **Workers in the value chain chapter**).

Our production and quarrying sites are generally designed for a service life of several decades. To maintain acceptance of our business activities and our licence to operate at the individual locations over these long periods, we engage in stakeholder dialogue and are active in the communities close to our plants (see **Affected communities chapter**).

Heidelberg Materials uses various communication channels to take account of the interests and views of customers in its products and, in turn, reflect them in its Group strategy and business model. These channels include face-to-face conversations, customer events, customer satisfaction surveys, and newsletters (see **Consumers and end-users chapter**).

Double materiality analysis

The methodology of the materiality analysis carried out in the 2024 financial year builds on that of the 2023 reporting year and has been further developed in line with the European Sustainability Reporting Standards (ESRSs). Based on new findings and clarifications to the guidelines, the analysis has been made more precise and partially adjusted. In addition to the changeover to two materiality dimensions, the process to identify and assess the relevant sustainability matters has also changed. The inclusion of sustainability topics pursuant to ESRS 1 (AR 16) has significantly increased the range of topics included. The next review of the materiality analysis is planned for the 2025 reporting period.

In accordance with the requirements of ESRS 1, the process to determine the material impacts, risks, and opportunities in the topic areas of the ESRSs and other company-specific sustainability topics for the 2024 reporting year was carried out using the double materiality analysis method. This method is based on the assumption that a material sustainability topic for a company can arise from two perspectives: on the one hand, from the "inside-out" perspective, known as impact materiality; on the other hand, from the "outside-in" perspective, known as financial materiality. The latter is the case when sustainability-related risks or opportunities have a significant impact on Heidelberg Materials' financial result.

Heidelberg Materials has carried out the double materiality analysis Group-wide along the entire value chain, taking account of all Group areas. A key assumption of the materiality analysis is that the assessments at Group level are also representative of the local conditions in the Group countries.

A sustainability matter is material from an impact perspective when it pertains to the company's actual or potential, positive or negative impacts on people or the environment within short-, medium-, or long-term time horizons. A sustainability matter is material from a financial perspective if it triggers or could reasonably be expected to trigger material financial effects for the company. This is the case when a sustainability matter generates risks or opportunities that have a material influence on the development of the company's assets, financial, and earnings position or on its cash flows, access to finance, or cost of capital over the short, medium, or long term.

Impact materiality and financial materiality assessments are inter-related. In general, the starting point is the assessment of impacts. This is also the case when there are material risks and opportunities that are not related to the company's impacts. A sustainability-related impact can become financially material if potential economic impacts on Heidelberg Materials could be demonstrated.

Impacts were captured by the impact materiality perspective irrespective of whether or not they are financially material.

Process to assess impact materiality

The process to identify, assess, prioritise, and monitor Heidelberg Materials' potential and actual impacts on the environment and people is divided into eight steps.

Step 1: Revision and consolidation of Heidelberg Materials' value chain

In accordance with the requirements of ESRS 1, Heidelberg Materials has identified upstream activities, activities in its own operations, and downstream activities and selected those where impacts are likely to occur. The activities were defined in more detail using the applicable International Standard Industrial Classification of All Economic Activities (ISIC) and the Statistical Classification of Economic Activities in the European Community (NACE) and documented based on their relevance to Heidelberg Materials' business activity. The relevance of the respective areas of activity was determined on the basis of, among other things, the business model, local procurement and sales volumes, comparison with other companies in the building materials sector, and expert interviews. The activities were then summarised in relation to the material topics.

Step 2: Contextualisation

The contextualisation step included identifying and assessing sustainability topics in relation to Heidelberg Materials' value chain. It was carried out qualitatively to some extent, but was mainly data-driven (quantitative). Contextualisation was primarily based on scientific evidence. Examples include the United Nations Environment Programme Finance Initiative (UNEP FI), frameworks such as the SASB Standards , and sustainability-related information from associations such as the GCCA. Regulatory frameworks such as the Registration, Evaluation, Authorisation, and Restriction of Chemicals (REACH) Regulation or the Classification, Labelling, and Packaging (CLP) Regulation were consulted for topic-specific information. Initiatives in which Heidelberg Materials participates and internal information about the company's individual business activities were also taken into account. This was done with the aim of gaining an understanding of which sustainability topics could be material for Heidelberg Materials and where they arise in the value chain.

Step 3: List of sustainability topics

A list of sustainability topics to be assessed in the materiality analysis was then drawn up. The list of sustainability topics and the respective sub-sub-topics pursuant to ESRS 1 AR16 served as a starting point. To identify company-specific sustainability topics, reference was made to previous years' reporting and other sources. The resulting list of topics, sub-topics, and sub-sub-topics served as the starting point for the materiality assessment.

Step 4: Narrative

A narrative was drawn up for each sub-sub-topic. Information from the contextualisation stage was used for this purpose. The narrative describes the specific reference to Heidelberg Materials for the respective sub-sub-topic and indicates whether it refers to a positive or negative impact.

Step 5: Matrix of subject matter experts

A detailed matrix of subject matter experts was created to leverage Heidelberg Materials' in-house expertise and identify the experts for each standard. For the purposes of the assessment, they were given an introduction to the methodology of the double materiality analysis.

Step 6: Qualitative assessment of sustainability topics

In the next step, the internal subject matter experts performed a qualitative assessment of the materiality of the impacts, risks, and opportunities along the previously defined value chain based on the criteria specified by the ESRSs (scale, scope, irremediability, and likelihood). The assessment methodology followed the gross assessment approach, meaning that mitigation actions were not taken into account when assessing the impacts.

In the evaluation process, Heidelberg Materials referred to existing assessment criteria set out in the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, LkSG) in order to arrive at a consistent assessment.

The following ratings were chosen for the impact assessment:

Scale

high: 4	medium: 3	low: 2	minimal: 1

Scope

widespread: 4	medium: 3	concentrated: 2	limited: 1

Remediability

very difficult: 4	difficult: 3	with time and cost: 2	easy: 1

Likelihood

guaranteed: 4	very likely: 3	likely: 2	possible: 1

In accordance with ESRS 1, Heidelberg Materials has defined a materiality threshold to aid prioritisation. For this purpose, the sum of the three assessment criteria for severity was multiplied by the likelihood per sustainability matter. This threshold was set at 6.4 for impact materiality. All scores below this were classified as not material.

In order to ensure that severity takes priority over likelihood in the case of a human rights-related impact (ESRS 1.45), the methodology for human rights issues was established as follows.

The negative impact is deemed material once any of the three severity criteria is assigned a score of 4. This applies regardless of the likelihood and the final impact materiality score. A score of 4 for scale, scope, or irremediability is therefore sufficient to assess a human rights-related sustainability topic as material. All topics in the **Social chapter** were regarded as human rights-related.

Positive impacts were assessed in the same way as negative impacts. Only the assessment of the irremediability of the impacts was omitted. The distinction between actual and potential impacts was made by assessing their likelihood. Each positive impact with a score of 4 was classified as an actual impact. All other scores indicated potential positive impacts.

Step 7: Stakeholder validation

In order to validate the subject matter experts' assessments externally and take account of the stakeholder perspective in the assessments, non-governmental organisations (NGOs), peers, customers, suppliers, affected communities, media representatives, and investors, among others, were consulted directly or indirectly via internal members of staff responsible for these topic areas.

Step 8: Managing Board approval

As a final step, the findings of the double materiality analysis were presented to the full Managing Board, discussed, and confirmed as valid for the Group.

The findings of the double materiality analysis were subjected to a three-stage internal control procedure. The assessment by the subject matter experts was followed by stakeholder validation and then final Managing Board approval.

Process to assess financial materiality

The process to identify, assess, prioritise, and monitor risks and opportunities in the course of determining the financial materiality of sustainability topics was carried out in line with the eight steps of the previously described process to determine impact materiality. However, there were a few deviations.

After the subject matter experts had assessed the impact materiality and then the financial materiality of a sustainability matter, the relationships between impacts and dependencies and risks and opportunities were taken into account.

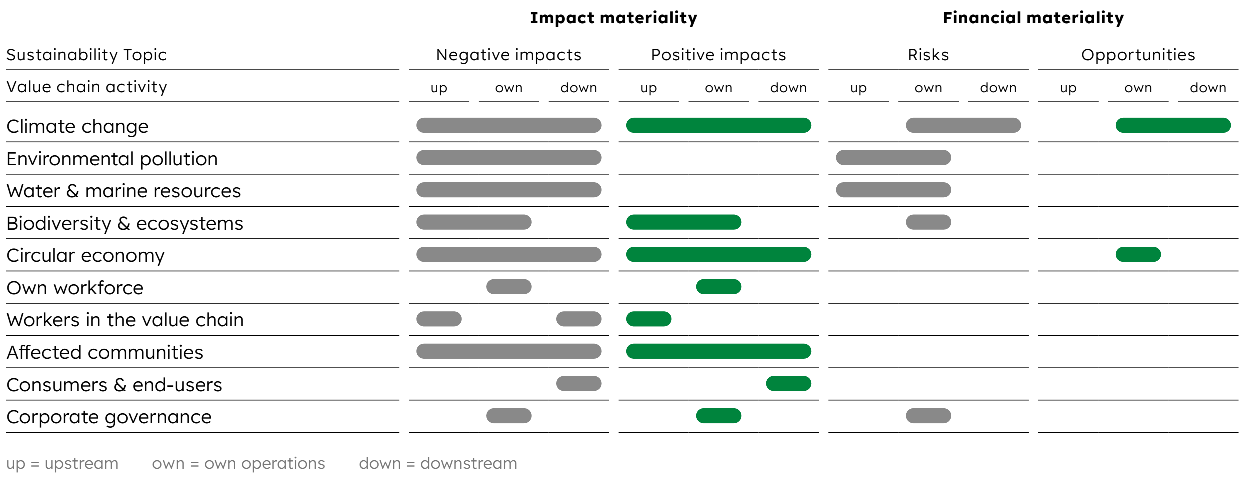
In a deviation from the process to assess impacts, the Group Insurance & Corporate Risk department and Group Strategy & Development/M&A department were also involved in the assessment of risks and opportunities across all sustainability matters in order to obtain a consistent assessment in relation to the general **risk management process**. The management of sustainability risks is integrated into the risk management system. Details of how opportunities are taken into account can be found in the **Risk and opportunity management section**.

The assessment of risks and opportunities was not carried out in accordance with the gross approach (assessment of risks without taking account of remedial action). The risks were assessed taking into account any remedial action that had already been effected at the time of the risk assessment. The assessment criteria for financial materiality were aligned with the methodology described in the **Risk management process section**. Based on ESRS 1.51, the materiality of risks and opportunities is assessed using a combination of the likelihood of occurrence and the scale of the potential financial impacts. In this case, the scale equates to the severity of the risk or opportunity. As in the risk management process, ratings from 1 to 5 were used (see **Dimensions of risk assessment graphic in the Risk management process section**).

To prioritise whether a risk or opportunity is material for Heidelberg Materials, a financial materiality score was calculated by multiplying the scale by the likelihood of occurrence per sustainability matter.

In accordance with ESRS 1, Heidelberg Materials has set a materiality threshold of 2.0 to aid prioritisation. All topics with a financial materiality score above 2.0 were classified as material; all scores below 2.0 were classified as not material.

Results of double materiality assessment



Process to identify and assess material impacts, risks, and opportunities

The process to identify and assess material impacts, risks, and opportunities for the **Environment** and **Governance chapters** was carried out in line with the eight steps of the general double materiality analysis described above. The upstream and downstream value chain, all business lines, and Group areas were taken into account. Affected communities were involved indirectly via internal members of staff responsible for this topic area through the validation of the assessments carried out by the subject matter experts.

Climate change

In order to identify the sources of greenhouse gas emissions arising in the course of Heidelberg Materials' business activity, we reviewed the production processes in the individual business lines. The main source of emissions across the Group is CO_2-intensive clinker production in the cement business line. We also verified that no additional greenhouse gases are released.

We continuously monitor our production processes to support assessments of the carbon intensity of our products.

Climate risks and scenarios

Climate-related risks are divided into physical risks of climate change and into impacts resulting from the transition to a low-carbon economy (transition risks).

Analysis of climate-related risks is part of Heidelberg Materials' general risk management approach, which is integrated into the Group's regular **risk management process**.

The process of identifying climate-related risks is carried out bottom-up on a decentralised basis by country management and once a year top-down from a global perspective by the Group ESG and Group Insurance & Corporate Risk departments. The assessment of physical climate-related risks is based on location-specific geospatial coordinates. General macroeconomic data as well as additional industry-specific factors and risk information sources serve as auxiliary parameters for the process. We also use the internal risk catalogue, which covers the various financial and non-financial climate-related risk categories. The climate-related risks are consolidated in the Group-wide risk map with regard to potentially critical economic impacts on Heidelberg Materials.

Climate-related risks are identified globally on the basis of the Shared Socioeconomic Pathway (SSP) scenarios. The climate scenarios used here, including a high-emissions scenario, are described in detail below.

The 1.5°C Pathway: SSP1-1.9 climate scenario (hereinafter SSP1-1.9)

The SSP1-1.9 scenario describes an increasingly sustainable world. As a result of broad social and political efforts, net zero will be achieved by around 2050.

This scenario is associated with radiative forcing of 1.9 W/m² by 2100, while the global average surface temperature is expected to increase by 1.4°C (1.0°C–1.8°C) by 2100.

The 2°C Pathway: SSP1-2.6 (hereinafter SSP1)

SSP1 describes an increasingly sustainable pathway. Global commons are preserved and the planetary boundaries are respected. Focus shifts away from economic growth and towards human well-being. Income inequalities between and within countries reduce. Consumption practices tend toward minimising the consumption of materials and energy. As a result of these efforts, greenhouse gas concentrations gradually decrease by the end of the century. Global warming can be limited to less than 2°C above pre-industrial levels. Nonetheless, there are still impacts on natural and socio-economic systems. However, international adaptation mechanisms exist to respond to loss and damage in the Global South. The SSP1 scenario envisages sustainable development for society as a whole, combined with low resource and energy consumption. Under this scenario, demand for environmentally friendly and sustainable building materials is expected to increase.

The SSP1 scenario is associated with radiative forcing of 2.6 W/m² by 2100, while the global average surface temperature is expected to rise by 1.8°C (1.3°C–2.4°C) by 2100.

Socioeconomic development paths used

Scenario	Characteristics	Estimated global warming		Likely temperature range
		2041–2060	2081–2100	2081–2100
SSP1-1.9	Low greenhouse gas emissions, CO_2 emissions reduced to net zero by 2050	1.6°C	1.4°C	1.0–1.8°C
SSP1-2.6	Low greenhouse gas emissions, CO_2 emissions reduced to net zero by 2080	1.7°C	1.8°C	1.3–2.4°C
SSP2-4.5	Medium-high greenhouse gas emissions, CO_2 emissions will remain at current level until 2050, then decline but will not reach net zero	2.0°C	2.7°C	2.1–3.5°C
SSP5-8.5	Very high greenhouse gas emissions, CO_2 emissions triple by 2075	2.4°C	4.4°C	3.3–5.7°C

The Middle of the Road: SSP2-4.5 climate scenario (hereinafter SSP2)

SSP2 extrapolates past and current global developments into the future. Income trends in different countries diverge considerably. Although there is a certain degree of cooperation between nations, there is little improvement. Global population growth is moderate and levels off in the second half of the century. Environmental systems are somewhat degraded. CO_2 emissions remain around current levels until 2050 and then decline. However, net zero will not be reached by 2100. To remain competitive, further investments in future-oriented technologies are necessary.

The SSP2 scenario is associated with radiative forcing of 4.5 W/m² by 2100. It is estimated that the global average surface temperature will increase by 2.7°C (2.1°C–3.5°C) by 2100.

The Fossil Pathway: SSP5-8.5 climate scenario (hereinafter SSP5)

Social and economic development is based on the increased worldwide exploitation of fossil fuel resources, coupled with the adoption of energy-intensive lifestyles. There is little acceptance of renewable energies. The global economy grows rapidly. Population growth also peaks. This leads to a sharp rise in greenhouse gas concentrations in the atmosphere, which is expected to continue until the end of the 21st century. The climatic changes are very severe. An effective mechanism for managing climate-related risks beyond the limits of adaptation enables many countries to (at least partially) implement the necessary and often transformative adaptation measures.

The SSP5 scenario is associated with radiative forcing of 8.5 W/m² by 2100. It is estimated that the global average surface temperature will increase by 4.4°C (3.3°C–5.7°C) by 2100.

For the sake of completeness, we have presented two variations for the most optimistic scenario with different levels of radiative forcing: the SSP1 scenario and the SSP1-1.9 scenario.

Physical risks

The third-party tool used to assess climate-related physical risks modelled a total of three scenarios: SSP1, SSP2, and SSP5. For the SSP1 scenario, the 1-2.6 climate ensemble simulations were used, as extensive climate ensemble simulations have already been carried out for that scenario.

Climate-related physical risks in the upstream and downstream value chain are currently not assessed in a structured manner. However, they have already been qualitatively assessed for the upstream and downstream value chain using the double materiality analysis process.

When analysing physical climate risks, we look at short-, medium-, and long-term time horizons.

In the context of risk management and for the double materiality analysis, we define short term as the time horizon up to 2025 (0–1 year). This time frame relates to our regular financial and business planning routines as well as to existing and readily foreseeable regulatory requirements.

The medium term (> 1–3 years) is the time horizon that goes beyond our regular business planning cycles. This time horizon is within the framework of our **Sustainability Commitments 2030**, which were defined in line with the UN Sustainable Development Goals. We have drawn up a CO_2 roadmap that sets out the path to CO_2 reduction for each plant by 2030.

We define long term as the time frame beyond three years and typically up to at least 2050. This includes investments in property, plant and equipment, research and development for new products, or strategic investments in new technologies, such as carrying out research into and scaling up carbon capture and recarbonation, i.e. returning CO_2 to the cement and concrete material cycle by absorption CO_2 from the ambient air, which is absorbed by the concrete. This time horizon is decisive for achieving the targets of the Paris Agreement.

To identify the physical climate risks that are already significant today, we began using the third-party tool to identify climate-related hazards back in 2022. Based on risk exposure and strategic importance, we identified around 100 plants and examined them in detail.

Group-wide physical climate risks scenario analysis

Risk	Current	SSP1 2030	SSP1 2040	SSP1 2050	SSP2 2030	SSP2 2040	SSP2 2050	SSP5 2030	SSP5 2040	SSP5 2050
Acute										
Tropical cyclone	low				low		low	low		low
River flood	low				low		low	low		low
Chronic										
Fire weather	low	low	low	low	low	low	low	low	low	low
Drought stress	low				low	medium	medium	medium	medium	high
Heat stress	medium	medium	medium	medium	medium	medium	medium	medium	medium	medium
Precipitation stress	medium	medium	medium	medium	medium	medium	medium	medium	medium	medium
Cold stress	medium	medium	medium	medium	medium	medium	medium	medium	medium	medium

● low ● medium ● high

1) Missing dots in the graph indicate that no specific assessment is available.

We also carried out a desktop analysis, which included cement plants with a correspondingly defined sum insured, the outcome of which led to the inclusion of further physical climate risks in the modelling. The findings were made available to the respective plants. At country level, these findings were verified and compared with country-specific findings and experiences. Past climate events as well as possible future climate-related physical events were included in the analysis, including potential impacts on the result from current operations before depreciation and amortisation (RCOBD), the carrying amount, and impairments. The plants in the respective Group countries are now tasked with developing location-specific adaptation measures for the critical risks, including necessary investment plans.

In addition to the analysis of physical climate risks based on the risk management process, we also performed an analysis of the above-described SSP scenarios for the periods 2030, 2040, and 2050. This was based on the SSP1 scenario where the 2°C target is achieved, the SSP2 scenario as a "Middle of the Road" pathway, and the SSP5 "worst-case" scenario that assumes an increase in greenhouse gas emissions. The deviation in the time horizons used is due to the fact that the analysis of physical risks is partly based on the time horizons defined in the general risk management process, whereas the scenario analysis represents a longer-term perspective covering various future scenarios.

There are significant geographical variations in physical climate risks. The consequences of climate-related hazards, such as extreme weather scenarios, can lead to damage to our production sites, interrupt the supply to our customers, or have adverse impacts on the supply of upstream products to our plants. Precipitation stress and heat stress are among the most important chronic climate risks. Flooding is the most significant acute risk to our business activities. Until 2030, this picture will remain largely unchanged.

The risk exposure to drought will increase significantly. Depending on the scenario, the proportion of locations exposed to the climate risk of drought will rise by 2040 and 2050. In terms of drought stress, there are significant differences between the SSP2 and SSP5 scenarios. The modelling for SSP5 indicates that our risk exposure would double.

Similar developments are also predicted for other chronic climate risks, such as heat stress and precipitation stress. According to the scenarios, our locations in Asia and Africa would be particularly affected by drought and heat as greenhouse gas concentrations continue to rise. More northerly regions, such as North America and Europe, on the other hand, would suffer more from precipitation stress.

If we analyse acute risks such as tropical cyclones and river flooding up to 2040 and 2050, these remain largely stable. Tropical storms occur mainly in Africa, Asia, and Australia. The risk of flooding, on the other hand, tends to affect the northern hemisphere. The relative stability of the acute risks reveals that the impacts of climate change are already being felt today.

Transition risks

Internal subject matter experts carry out a qualitative climate-related scenario analysis along the entire value chain in order to identify short-, medium-, and long-term transition risks and opportunities. To this end, a working group assesses the transition risks and opportunities as low, medium, and high, depending on the transition topic, and globally for the periods 2030, 2040, and 2050. In a deviation from the physical climate-related risks, evaluations are based on the SSP1-1.9 scenario. However, the SSP2 and SSP5 scenarios continue to be used as the basis for assessment.

The general risk management approach for climate-related transition risks also includes the likelihood and potential scale of the risk. With regard to transition risks, we generally look at permanent changes rather than ad hoc events that have only a short-term impact. Possible legal cases are an exception.

The scenarios may be influenced by additional factors that go beyond the assumptions taken into consideration. Many of the factors listed are already taken into account by Heidelberg Materials in order to strengthen the company's resilience.

Assuming no changes are made, it would take considerable effort to bring the current situation, in which cement plants use old, energy- and thus emission-intensive production processes, into line with progress towards a net-zero economy. To make our business activities compatible with the necessary transition to a net-zero economy and actively manage transition risks, we are already pursuing numerous initiatives. These include our activities in relation to carbon capture, utilisation, and storage, investments in the circular economy, and our use of renewable energies.

Scenario analysis – climate transition risks and opportunities

Transition subject	Timeframe	Best case "The 1.5°C Pathway" SSP1-1.9		Most likely "Middle of the Road" SSP2-4.5		Worst case "The Fossil Pathway" SSP5-8.5	
		Transition risks	Transition opportunities	Transition risks	Transition opportunities	Transition risks	Transition opportunities
Energy source							
Emissions, policy incentives/carbon markets, decentralised energy generation	2030	●	●●		●		
	2040	●	●●●		●		
	2050	●	●●●	●	●		
Markets							
Customer behaviour, cost of raw materials, new markets	2030	●	●●	●	●	●	●
	2040	●	●●	●	●	●	●
	2050	●●	●●●	●	●●		
Policy and legal							
Price of GHG emissions, emissions-reporting obligations, regulation of products and services	2030	●●●	●	●	●		
	2040	●●	●●	●	●		
	2050	●	●●		●		
Products and services							
Carbon footprint of goods and services, climate adaption, portfolio of business activities	2030	●●	●●●	●●	●●	●	●
	2040	●	●●●	●	●	●	●
	2050		●●●				
Reputation							
Sector image, stakeholder concern/ feedback, consumer preferences	2030	●●●	●●●	●●	●	●	
	2040	●	●●	●●		●	
	2050		●●●	●		●	
Resilience							
Renewable energy, adoption of energy-efficency measures, resource substitutes/ diversification	2030	●	●	●	●	●	
	2040	●	●●	●		●	
	2050		●●●	●●		●	
Resource efficiency							
Production & distribution processes, building/recycling, modes of transport	2030	●	●●	●	●●	●	●
	2040	●	●●●	●	●●		
	2050	●	●●●	●	●●		
Technology							
Change in products and services, investment in new technologies, carbon footprint of new technologies	2030	●●	●●	●	●	●	
	2040	●	●●		●		●
	2050		●●●		●●		

● **Transition risks:** financial risks that arise from efforts to transition to a lower-carbon economy

● **Transition opportunities:** potential positive financial effects arising from climate change for an entity

● low ●● medium ●●● high

Under the SSP1-1.9 scenario, tighter rules, such as stricter CO_2 regulations, would be expected. There would also be changes in consumer preferences, with a stronger focus on sustainability topics. To be successful in this scenario, Heidelberg Materials would need to increase its investment in sustainable technologies (e.g. carbon capture, utilisation, and storage). Across the Group, resource use would need to be optimised and the Group's own emissions reduced as quickly as possible in order to meet the requirements of a more environmentally aware market. Failure to adapt carries the risk of losing market share. Conversely, successful adaptation offers opportunities through competitive advantages, including in new and emerging markets.

The SSP2 scenario assumes stagnant development or even deterioration in environmental developments or cooperation between nations. In terms of transition risks and opportunities, it is therefore to be expected that Heidelberg Materials would face stricter environmental regulations and increased financial burdens, such as higher costs for carbon allowances. External requirements to improve resource efficiency and reduce energy consumption could create additional pressure. To remain competitive, investments will be needed in future-oriented technologies and processes, and there may also be costs for optimising existing production processes. Widely divergent income trends could pose challenges for Heidelberg Materials in countries experiencing lower demand. At the same time, moderate population growth and continued urbanisation could increase demand for building materials in regions with strong population growth, thereby also presenting opportunities.

Based on the SSP5 scenario of fossil-fuelled development, Heidelberg Materials would also have to adapt to changing regulatory and political conditions. An intensification of environmental problems could even lead to the withdrawal of permissions to operate plants if they no longer comply with certain limit values. Combined with increased operating costs and necessary investments, this could lead to a slowdown in production and even the shutdown of plants. Compensation would likely have to be paid for loss and damage caused by climate change. These factors would come into play when proactive adaptation measures are no longer effective. At the same time, the SSP5 scenario could see continued high demand for traditional building materials based on fossil fuels, presenting an opportunity.

In general, the most significant transition risks arise from CO_2 regulations and indirect cost effects. Assets lose value when costs rise to prohibitive levels and make production uneconomical.

At the same time, we recognise that the transition to a sustainable economy can also offer opportunities. Assets are preserved and their value increases. This can be seen, for example, in our plant in Geseke, where, with GeZero, we want to implement a flagship project for a net-zero future for the cement industry in Germany. As part of the GeZero project in Geseke, Heidelberg Materials intends to convert Germany's first inland cement plant with this goal in mind, carry out carbon capture on an industrial scale, and implement a transport and storage solution.

The findings drawn from the climate scenarios that are most likely for Heidelberg Materials serve as the basis for assessing the critical climate-related assumptions made in the financial statements documents. The climate scenarios used are based on scientifically sound models and take into account both physical climate risks and transition risks. The critical climate-related assumptions made in the financial statements reflect the potential financial impacts of the most likely climate risks. These include adaptation costs and possible impairments of assets due to reductions in the useful lives of property, plant and equipment, for example. The mandatory impairment tests take into account the climate risks deemed most likely in the Group countries.

Pollution

The review of the locations and business activities with regard to their impacts, risks, and opportunities in relation to pollution was primarily carried out by means of self-audits. These self-assessments identify the needs of the locations in order to reduce environmental risks and avoid damage to the environment and people, as well as to property belonging to the company and third parties. In addition, mandatory ISO 14001 audits are carried out to obtain ISO certification. Proximity studies also provide indications of the environmental impacts for a location due to its position in relation to a site of importance for nature conservation (see the **Actions section of the Biodiversity and ecosystems chapter**).

Water and marine resources

In addition to the general process used for the double materiality analysis, dialogue with affected communities about community engagement and water management plans has helped to determine environmental impacts.

Biodiversity and ecosystems

Heidelberg Materials identifies and assesses dependencies on biodiversity and ecosystems and their services along the upstream value chain (own extraction sites) and in its own operations. The assessment criteria include both the direct exploitation of ecosystem services and the potential risk of disruption to these services. The analysis is based on a detailed examination of Heidelberg Materials' business activities and their interactions with natural resources in order to provide a complete overview of its ecological dependencies.

The ENCORE assessment in 2024 found that Heidelberg Materials' business activity is dependent on and potentially impacts 15 of the 25 ecosystem services and disrupts nine. Dependencies include provisioning services and regulating and maintenance services. As a dependency on provisioning services, only water supply was rated as "high." In terms of regulating and maintenance services, a very high dependency was identified on water purification and the regulation of rainfall patterns. High dependencies were identified on soil and sediment retention, flood mitigation, global climate regulation, and water flow regulation. Medium dependencies were identified on storm mitigation and other regulating and maintenance services – dilution by atmosphere and ecosystems.

The identification and assessment of transition risks and physical risks and opportunities in relation to biodiversity and ecosystems are performed by Heidelberg Materials by means of a detailed analysis of the company's impacts and dependencies. The assessment criteria are based on an analysis of the potential and current ecological footprint of the company's business activities, including an examination of key figures related to climate change and their impacts on biodiversity in its own operations. The approach is based on the Methodology for the Net Impact Assessment of Biodiversity in the Cement Sector, published by the World Business Council for Sustainable Development (WBCSD) and referred to in the Sustainability Guidelines for Quarry Rehabilitation and Biodiversity Management, published by the GCCA in May 2020.[1)]

Heidelberg Materials addresses systemic risks in the context of biodiversity and ecosystems by taking a holistic view of the company's activities and their impact on environmental and social systems. This includes analysing long-term environmental trends and their potential impacts on business activity and the value chain in order to proactively develop strategies to mitigate these risks and pursue opportunities. We conduct risk assessments to identify location-specific risk scenarios and evaluate whether our planned mitigation actions are sufficient. The ecological sensitivity of the location is determined both during the initial analysis of our impacts with respect to areas of high biodiversity value and during our STAR analysis to determine the potential impact of our operations on species extinction. We also use WBCSD methodology to perform a net impact assessment, in which we compare baseline values and/or the current biodiversity value with potential future values (scenarios). Based on this analysis, we can determine whether we will have positive or negative impacts on the location's biodiversity and ecosystems.

1) https://www.wbcsd.org/wp-content/uploads/2023/12/Methodology-forthe-Net-Impact-Assessment-of-Biodiversity-in-the-Cement-Sector.pdf

Material impacts, risks, and opportunities and their interaction with strategy and business model

Negative impacts (actual/potential) may result in adjustments to the strategy or business model (e.g. banning the use of fossil fuels) in relation to the impacts, risks, and opportunities listed.

In the case of positive impacts (actual/potential), no change to the strategy or business model is envisaged in relation to the impacts, risks, and opportunities listed.

Impact, risk, or opportunity	Value chain step	Influence on the business model or strategy	Impact on people or the environment	Connection with business model and strategy	Expected time horizons	Share of material impacts and type of activities concerned
Climate change						
Actual positive impact Climate change mitigation (reduction of carbon emissions through use of biomass and alternative fuels as well as recycling)	Upstream; own operations; downstream	Strengthening our sustainability strategy through cost efficiency and innovative strength, thereby strengthening our market position for sustainable building projects in the long term.	People and environment	Strategy: via Sustainability Commitments 2030	Short-term, medium-term, long-term	Upstream: through procurement Own operations: through production Downstream: through the sale of circular products (shift to climate-friendly processes)
Actual positive impact Climate change adaptation (promotion of (climate-)resilient building projects and infrastructure)	Downstream					Downstream: through the sale of more-resilient sustainable building materials
Actual positive impact Energy (improved energy efficiency)	Downstream					Downstream: through the sale of more energy-efficient concrete
Actual positive impact Energy (increased use of alternative fuels instead of fossil fuels)	Own operations					Own operations: through production and the use of alternative fuels in this context
Opportunity Climate change mitigation (demand for sustainable building materials)	Downstream		n/a	n/a	n/a	n/a
Opportunity Climate change mitigation (use of captured CO_2 and recarbonation of recycled concrete as a carbon sink)	Own operations		n/a	n/a	n/a	n/a

Impact, risk, or opportunity	Value chain step	Influence on the business model or strategy	Impact on people or the environment	Connection with business model and strategy	Expected time horizons	Share of material impacts and type of activities concerned
Actual negative impact Climate change mitigation (increased emissions through use of fossil fuels in manufacturing processes)	Upstream; own operations; downstream	Continuous adaptation and innovation necessary to ensure competitiveness, future viability, and sustainability, but also increase in operating costs, investments needed in carbon capture and storage technologies.	People and environment	Business model: through energy-intensive production processes	Short-term, medium-term, long-term	Upstream: through extraction and transport Own operations: through production processes Downstream: through product use
Actual negative impact Climate change adaptation (increased risk of severe weather events through increased use of concrete)	Downstream					Downstream: through product use
Actual negative impact Energy (emissions resulting from energy-intensive production processes)	Upstream; own operations; downstream					Upstream: through procurement Own operations: through production processes Downstream: through product use
Risk (transition risk) Climate change mitigation (CO_2-intensive production leads to costs in the transition to a net-zero economy)	Own operations; downstream		n/a	n/a	n/a	n/a
Risk Energy (high total energy demand)	Own operations		n/a	n/a	n/a	n/a
Pollution						
Actual negative impact Pollution of air (air pollution caused by release of pollutants from production processes)	Upstream; own operations	Necessary to manage pollutants in the air or soil, check compliance with limit values, carry out environmental audits to avoid closure of demolition or production sites or conditions for operating licences.	People and environment	Business model: due to unavoidable pollution through emissions from the production process	Short-term, long-term	Upstream: through extraction processes and transport Own operations: through production processes
Actual negative impact Pollution of soil (soil structure and fertility impairments)	Upstream; own operations; downstream					Upstream: through extraction processes and transport Own operations: through production processes Downstream: through product use
Risk Pollution of air (required measures to reduce emissions/compensation payments)	Upstream; own operations		n/a	n/a	n/a	n/a

Impact, risk, or opportunity	Value chain step	Influence on the business model or strategy	Impact on people or the environment	Connection with business model and strategy	Expected time horizons	Share of material impacts and type of activities concerned
Water and marine resources						
Actual negative impact Water consumption (impairment of water resources through extraction of raw materials, energy generation, and concrete production)	Upstream; own operations; downstream	Necessary management of water resources and water conservation, as well as responsibility and measures for resource preservation	People and environment	Business model: since water necessary for demolition and extraction of raw materials, essential in production and for the use of products	Short-term, long-term	Upstream: through extraction of raw materials Own operations: through production processes Downstream: through product use
Potential negative impact Water discharge (possible degradation of different types of water bodies through industrial activities)	Upstream; own operations; downstream					
Risk Water consumption (increased costs through water scarcity and environmental regulations)	Upstream; own operations		n/a	n/a	n/a	n/a
Biodiversity and ecosystems						
Actual positive impact Impacts and dependencies on ecosystem services (responsible extraction and holistically planned land use)	Upstream; own operations	Strengthening the sustainability strategy by using resources carefully and also through restoration	Environment	Strategy: Sustainability Commitments 2030	Short-term, long-term	Upstream: through extraction of raw materials Own operations: through extraction and production processes
Actual negative impact Direct impact drivers of biodiversity loss / climate change (release of GHG emissions and other environmental pollutants that contribute to biodiversity loss)	Upstream; own operations	Necessary management of emissions to avoid disturbance to ecosystems, legal requirements for mining concessions relating to the development of areas and the extraction of raw materials, and possible refusal of concessions in some cases	People and environment	Business model: extraction and demolition work puts strain on land and landscapes, thereby affecting ecosystems.	Short-term, long-term	Upstream: through extraction of raw materials Own operations: through extraction and production processes
Actual negative impact Direct impact driver of biodiversity loss / direct exploitation (development of areas and extraction of raw materials)	Upstream; own operations					
Actual negative impact Direct impact driver of biodiversity loss / invasive alien species (displacement of native species through spread of alien species as a result of the extraction of raw materials)	Own operations					
Actual negative impact Impacts on the extent and condition of ecosystems: land degradation (extraction of raw materials leads to deterioration of soil quality)	Upstream; own operations					
Risk Impacts on the extent and condition of ecosystems / land degradation (stricter environmental regulations may affect operating licences and have financial implications)	Own operations		n/a	n/a	n/a	n/a

Impact, risk, or opportunity	Value chain step	Influence on the business model or strategy	Impact on people or the environment	Connection with business model and strategy	Expected time horizons	Share of material impacts and type of activities concerned
Circular economy						
Actual positive impact Resource inflows (recycling and alternative fuels reduce demand for primary raw materials)	Upstream; own operations; downstream					
Actual positive impact Creation of closed-loop systems, including initiatives across value chains (promoting the circular economy, recycling of building materials, recyclability of our products)	Upstream; own operations; downstream	Strengthening the sustainability strategy by reducing dependence on fossil fuels and resources, avoiding and reducing waste, extending the product life cycle	Environment	Strategy: Sustainability Commitments 2030	Short-term	Upstream and own operations: through reduced dependence on primary raw materials and more resource-efficient production processes Downstream: through circular products and less waste
Actual positive impact Waste (reduction of waste generation and landfill waste through recycling of mineral waste)	Upstream; own operations; downstream					
Opportunity Resource inflows (tapping into new customers or markets)	Own operations		n/a	n/a	n/a	n/a
Actual negative impact Resource inflows (lack of circular value chains keeps resource efficiency low, no development)	Upstream; own operations; downstream	Regulatory requirements that place greater emphasis on circularity, obligation to carry out costly refitting. Investments needed to stay up to date.	Environment	Business model: dependence on resources	Medium-term, long-term	Upstream: through demolition and extraction activities Own operations: through production processes Downstream: through further processing of products and waste disposal
Actual negative impact Waste (environmental pollution caused by waste generation)	Upstream; own operations; downstream					

Impact, risk, or opportunity	Value chain step	Influence on the business model or strategy	Impact on people or the environment	Connection with business model and strategy	Expected time horizons	Share of material impacts and type of activities concerned
Own workforce						
Actual positive impact Working conditions (collective bargaining and presence of trade unions) Actual positive impact Equal treatment and opportunities for all / training and skills development Actual positive impact Other work-related rights (privacy)	Own operations	Representation of employee interests and development prospects increase productivity and efficiency, employees' sense of belonging to the company, and its reputation as an employer.	People	Strategy: Sustainability Commitments 2030	Short-term	Own operations: through own workforce
Actual negative impacts Working conditions (health and safety) Actual negative impact Working conditions (work-life balance) Actual negative impact Equal treatment and opportunities for all (measures against harassment in the workplace) Potential negative impact Equal treatment and opportunities for all (employment and inclusion of persons with disabilities) Potential negative impact Equal treatment and opportunities for all (gender equality and equal pay for work of equal value, and diversity) Potential negative impact Other work-related rights (child labour and forced labour)	Own operations	A physically or psychologically unsafe working environment, lack of or poor work-life balance reduce the productivity and efficiency of the workforce, increase the risk of accidents, and damage the company's reputation. For this reason, audits are carried out regularly and a whistle-blower system is implemented.	People	Business model: production, administration, management	Short-term, medium-term	Own operations: through own workforce

Impact, risk, or opportunity	Value chain step	Influence on the business model or strategy	Impact on people or the environment	Connection with business model and strategy	Expected time horizons	Share of material impacts and type of activities concerned
Workers in the value chain						
Potential positive impact Working conditions (health and safety in the direct supply chain)	Upstream	Good cooperation between company and value chain based on trust and secure, efficient work processes, long-term business relationship	People	Strategy: corporate values and Supplier Code of Conduct	Short-term, medium-term	Upstream: through supplier relationships
Potential positive impacts Other work-related rights (child labour and forced labour)						
Potential negative impact Working conditions (adequate wages)	Upstream	Negative working conditions in the upstream or downstream value chain can have a detrimental effect on business relationships (up until termination) and result in reputational damage. Regular supplier reviews are performed for this reason.		Business relationships: upstream or downstream		Upstream: through supplier relationships
Potential negative impact Working conditions (collective bargaining)	Upstream; downstream					Upstream: through supplier relationships Downstream: through logistics, distribution channels, etc.
Potential negative impact Working conditions (freedom of association, including the existence of works councils)	Upstream; downstream					
Potential negative impact Working conditions (health and safety)	Upstream; downstream					
Potential negative impact Other work-related rights (child labour and forced labour)	Upstream; downstream					

Impact, risk, or opportunity	Value chain step	Influence on the business model or strategy	Impact on people or the environment	Connection with business model and strategy	Expected time horizons	Share of material impacts and type of activities concerned
Affected communities						
Actual positive impact Communities' economic, social, and cultural rights (security-related impacts)	Upstream; downstream	Strengthening relationships with both suppliers and communities by promoting dialogue and ensuring secure infrastructure	People and Environment	Strategy and business model	Short-term, medium-term	Upstream: through supplier relationships Downstream: through business relationships
Potential positive impact Communities' civil and political rights (freedom of expression and assembly)	Own operations					Own operations: through cooperation of own workforce with local communities
Actual negative impact Communities' economic, social, and cultural rights (adequate food)	Own operations; downstream	Adverse effects on communities through changes to land and soil as well as safety concerns can lead to tensions with communities. Among other things, this can lead to a loss of trust or even reputational damage. Hence importance of promoting regular dialogue and the involvement of stakeholders.		Business model: extraction activities and land use	Short-term, long-term	Own operations: through own workforce Downstream: through the reuse of products
Actual negative impact Communities' economic, social, and cultural rights (adequate housing and land-related impacts)	Upstream; own operations; downstream					Upstream: through demolition work Own operations: through workforce and production Downstream: through the transport and reuse of products
Potential negative impact Communities' economic, social, and cultural rights (security-related impacts)	Upstream; own operations; downstream					Upstream: through demolition work and supplier relationships Own operations: through workforce and production Downstream: through the transport and reuse of products
Potential negative impact Communities' economic, social, and cultural rights (water and sanitation)						
Potential negative impact Rights of indigenous peoples (free, prior, and informed consent, self-determination, and cultural rights)						

Impact, risk, or opportunity	Value chain step	Influence on the business model or strategy	Impact on people or the environment	Connection with business model and strategy	Expected time horizons	Share of material impacts and type of activities concerned
Consumers and end-users						
Actual positive impact Information-related impacts for consumers and/or end-users (access to quality information)	Downstream	Standard-compliant, high-quality building materials, circular products, and optimised logistics lead to cost and resource savings as well as stable business relationships.	People	Strategy and business relationships	Short-term, medium-term	Downstream: through business and customer relationships
Actual positive impact Social inclusion of consumers and/or end-users (access to products and services)						
Actual positive impact Social inclusion of consumers and/or end-users (access to products and services)						
Potential negative impact Information-related impacts for consumers and/or end-users (access to quality information, privacy)	Downstream	The loss of sensitive end-user data can lead to a deterioration of business relationships and even legal consequences. Policies and privacy measures in response.	People	Business relationships (data sharing with customers)	Medium-term	Downstream: through business and customer relationships
Corporate governance						
Actual positive impact Corporate culture	Own operations	Transparency and safety at the workplace are the basis of a good corporate culture. Following ethical business practices fosters trust in the company and its workforce.	People	Strategy: good corporate culture anchored as a corporate value	Short-term, medium-term	Own operations: through workforce
Actual positive impact Protection of whistle-blowers						
Actual positive impact Political engagement and lobbying activities						
Potential negative impact Political engagement and lobbying activities (prevention and detection, including training)	Own operations	Reputational damage and the risk of manipulation are harmful to the company; therefore, an anonymous whistle-blower system has been implemented and compliance measures have been put in place.		Own workforce and business processes, legislative requirements		
Potential negative impact Corruption and bribery (incidents)						
Potential negative impact Antitrust law						
Risk Antitrust law	Own operations		n/a	n/a	n/a	n/a

Environment

Legend

Results of double materiality assessment

Impact materiality

Negative impacts: up, own, down

Positive impacts: up, own, down

Financial materiality

Risks: up, own, down

Opportunities: up, own, down

Impacts, risks, and opportunities

Likelihood:
actual potential

IRO category:
positive **+** negative **–** **Risk** **Opportunity**

Value chain:
upstream **up** own operations **own** downstream **down**

Impacts, risks, and opportunities

Climate change

Impact materiality

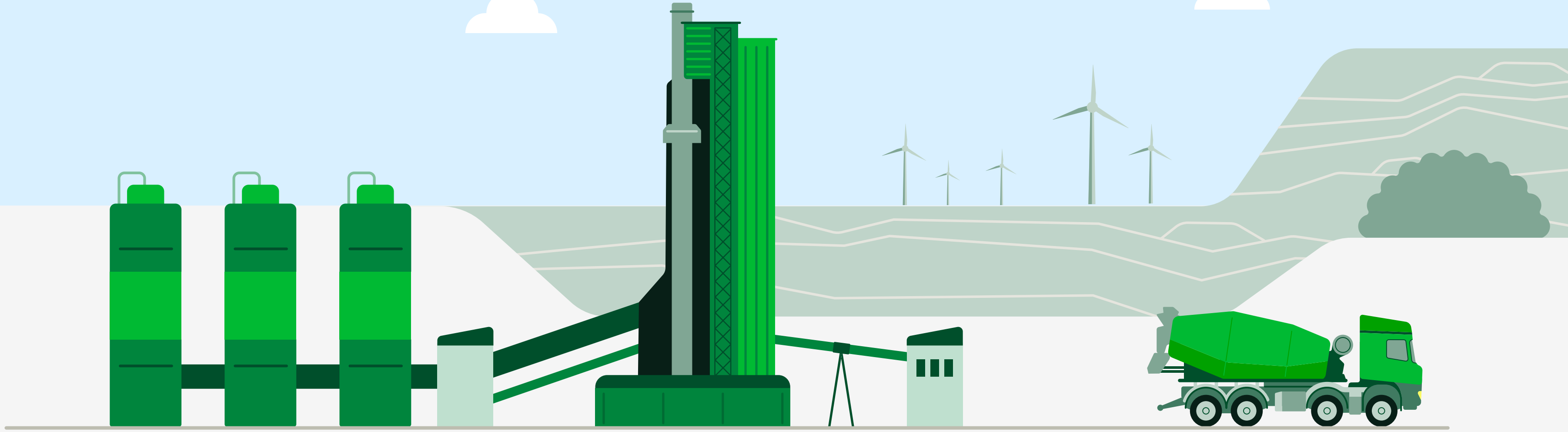
Negative impacts

Positive impacts

Financial materiality

Risks

Opportunities



Climate change mitigation

The reduction of carbon emissions by using biomass and alternative fuels, the reuse of other materials, and the recycling of concrete all contribute to climate change mitigation

● + up own down

Climate change mitigation

Rising demand for low-carbon and circular building materials, and counteracting rising prices for carbon allowances by means of cement and concrete products with lower CO_2 emissions

Opportunity up own down

Climate change mitigation

The CO_2-intensive production process and the resulting high carbon footprint of the products could potentially have significant financial effects for Heidelberg Materials in the transition to a climate-neutral economy

Risk (transition risk) up own down

Climate change mitigation

Use of captured CO_2 from clinker production for production applications as well as recarbonation of recycled concrete as a carbon sink

Opportunity up own down

Climate change mitigation

The production of cement and the use of different means of transportation and machinery result in emissions that contribute to global warming and therefore have a negative impact on climate change mitigation.

● – up own down

Climate change adaptation

The use of more durable and resistant concrete structures and building materials not only promotes climate-resilient building projects that are better able to withstand extreme weather conditions, but also supports the construction of flood protection facilities, dikes, and other infrastructure

● + up own down

Climate change adaptation

Sealing, due to the use of concrete in urban areas, increases the risk of flooding as a result of heavy rainfall events and the formation of heat islands

● – up own down

Energy

The heat storage capacity of concrete reduces energy loss and thus improves the overall energy efficiency of buildings

● + up own down

Energy

The increased use of alternative fuels reduces dependence on and use of fossil fuels

● + up own down

Energy

Production processes (and the associated administrative infrastructure) give rise to high overall energy consumption

● – up own down

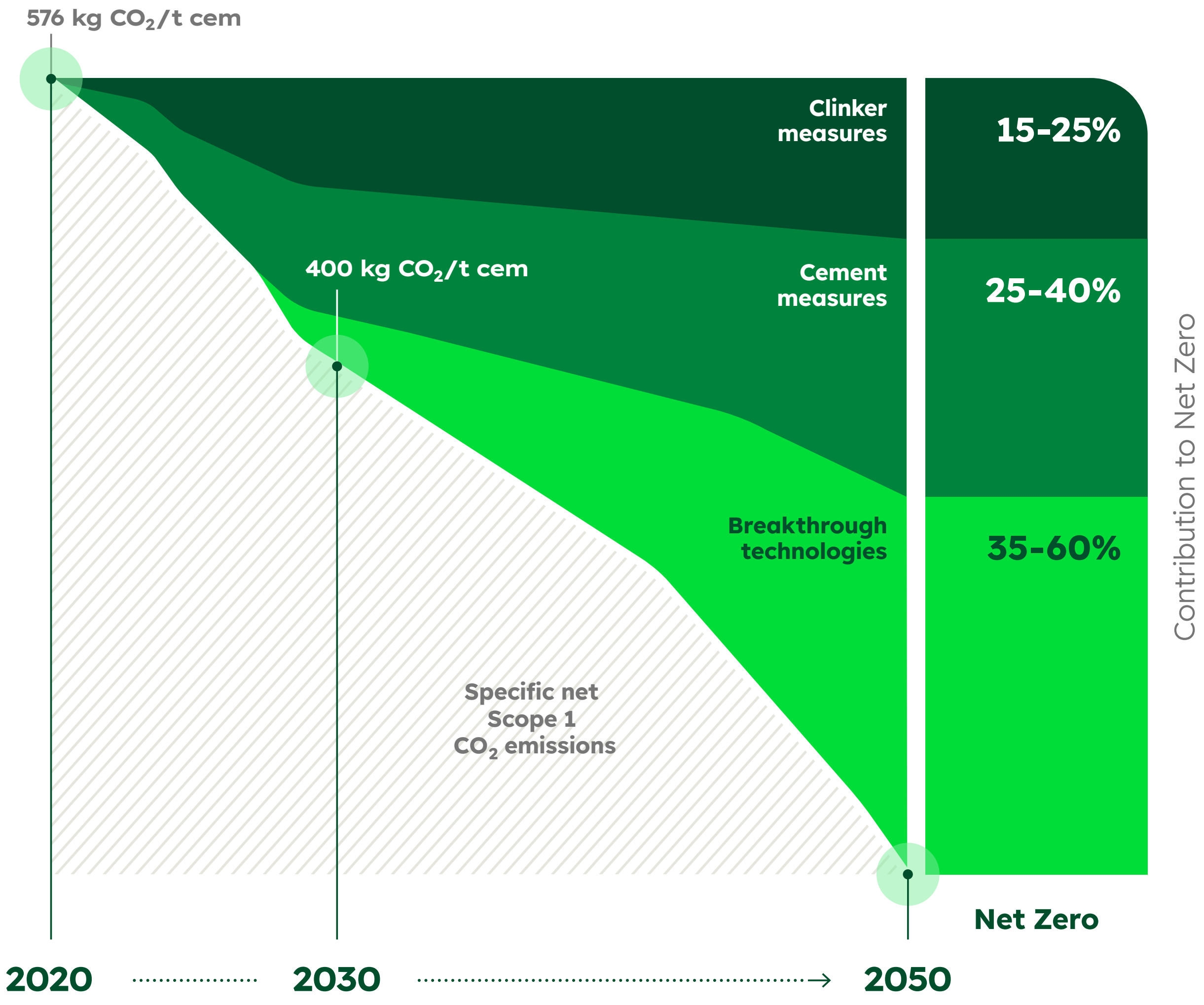
Energy

High total energy demand can lead to financial effects

Risk up own down

Our path to net zero

The production of cement, the “binder” in concrete, is very CO_2-intensive. Therefore, the building materials industry is one of the biggest producers of carbon dioxide emissions. As one of the leading companies in the field of technology, we are taking a pioneering role in the decarbonisation of our industry and doing our part to limit the rise in worldwide temperature to below 1.5°C. Reducing our own CO_2 emissions is our greatest lever in the fight against climate change.



We aim to almost halve our specific net Scope 1 CO_2 emissions by 2030 compared with 1990 levels. The Sectoral Decarbonisation Approach (SDA) of the Science Based Targets initiative (SBTi) enables cement manufacturers to set climate targets that are aligned with the 1.5-degree target of the Paris Agreement. At the beginning of 2023, the Science Based Targets initiative (SBTi) validated Heidelberg Materials’ 2030 CO_2 reduction targets in accordance with its 1.5°C roadmap for the cement industry. Our commitments to the SBTi are consistent with our stated target to reduce specific net CO_2 emissions to 400 kg per tonne of cementitious material by 2030. We aim to achieve net-zero emissions by 2050 at the latest. Our net-zero target was also validated by the SBTi in December 2024. Heidelberg Materials is not exempt from the EU reference values agreed in Paris.

To achieve this, we are focusing on three areas: measures at the clinker level, measures at the cement level, and breakthrough technologies.

Measures at the clinker level

These measures refer to all measures to reduce CO_2 emissions associated with clinker production. They include measures to modernise and increase the efficiency of plants, but also those intended to increase the use of alternative fuels, in particular waste-based biomass, in order to further reduce the proportion of fossil fuels used (see **Actions section**).

Measures at the cement level

These measures refer to all measures that relate to the use of clinker alternatives, which make it possible to reduce the proportion of traditional cement clinker. These alternatives include supplementary cementitious materials such as blast furnace slag, fly ash, natural pozzolans, limestone, but also new materials such as calcined clays and (carbonated) recycled hardened cement paste (see **Actions section**).

Breakthrough technologies

These technologies include new, ground-breaking technologies such as carbon capture, utilisation, and storage, which help to capture previously unavoidable emissions in cement production before they end up in the atmosphere. They are essential for the complete decarbonisation of the cement industry (see **Actions section**).

We are also analysing political scenarios in order to achieve our climate targets. Successful implementation of our decarbonisation levers calls for regulatory frameworks, such as carbon pricing systems, sufficient energy and CO_2 infrastructure, and updated product standards and construction regulations. We take a proactive approach within our industry associations and at global and regional level, and we are working to ensure that these conditions are implemented in the long term (see the **Political influence and lobbying activities section of the Corporate governance chapter**).

Locked-in emissions

For Heidelberg Materials, the production sites are the most important assets that bind CO_2 emissions. The emissions are mainly caused by the energy consumption resulting from the operation of clinker kilns and grinding plants. These emissions are accounted for in our climate targets and therefore do not represent a transition risk.

The locked-in emissions refer to the emissions that are released by products throughout their entire life cycle. Though cement production and indirectly also concrete production result in CO_2 emissions, structures that are built using these materials again absorb CO_2 from the atmosphere (recarbonation). According to studies by the industry association Cembureau, concrete could absorb around 20% of the CO_2 from annual calcination emissions resulting from cement production. Since the use of our products does not result in CO_2 emissions, our products do not affect the company's climate targets and do not represent a transition risk.

Remaining emissions

Heidelberg Materials has set its climate targets based on total CO_2 emissions. The use of carbon credits, that is tradable allowances designed to offset a company's own emissions (CO_2 compensatory measures), is not part of our strategy to reduce emissions and achieve our climate targets.

To achieve our net-zero target, we aim to neutralise the remaining CO_2 emissions by means of carbon sinks, or negative emissions. Negative emissions are generally achieved by actively capturing CO_2 emissions from the atmosphere (thus going beyond what has been emitted). Heidelberg Materials can achieve negative emissions by using biogenic alternative fuels in the combustion process during cement production. When CO_2 emissions from the combustion of those fuels, that have already absorbed CO_2 during their life cycle, are captured and stored, the total amount of CO_2 in the atmosphere decreases. In addition, concrete products absorb CO_2 from the atmosphere during their lifetime due to their properties. This effect can also offset the remaining CO_2 emissions.

Calculation of emissions from CCUS projects

For each CCUS project, we quantify the tonnes of CO_2 captured for further processing or sequestration. In this calculation, Heidelberg Materials only takes into account the actual amount of CO_2 that is sent to the storage location, as specified in EU Directive 2009/31/EC. In accordance with the EU Directive, avoided emissions are not taken into account (difference between the reference scenario and the scenario using the technical solution[1]).

1) https://www.wbcsd.org/wp-content/up-loads/2023/09/Climate-Avoided-Emissions-guidance_WBCSD.pdf

Policies

Heidelberg Materials has implemented policies relating to climate change mitigation, climate change adaptation to climate change, and energy to achieve the company's climate targets. The Chief Sustainability & New Technologies Officer (CSO) is responsible for implementing the policies outlined below.

Environmental Policy

The Environmental Policy of Heidelberg Materials refers to our commitment to protecting the environment as part of our business activities. It addresses the impacts, opportunities, and risks regarding the material topic climate change mitigation. We take the policy into account in our operational and investment-related decisions. It covers the monitoring of CO_2 emissions, air emissions, and water consumption, the implementation of environmental management systems, and the training of employees.

The policy applies to Heidelberg Materials AG and all companies directly or indirectly under its control. It covers the company's own operations as well as the upstream and downstream value chain.

Country managers are responsible for implementing this policy and for complying with applicable national and local laws.

By means of this policy, we also aim to contribute to the United Nations Sustainable Development Goals (SDGs).

Climate Policy

Heidelberg Materials' Climate Policy reflects our commitment to dealing with climate change. This commitment is also reflected in our activities relating to CO_2 reduction, including the improvement of energy efficiency and the use of CCUS technologies. The Climate Policy underpins our climate targets relating to Scope 1, 2, and 3 CO_2 emissions, as well as our target of achieving net zero by 2050 by means of CCUS technologies, among other things. The policy addresses the impacts regarding the material topics climate change mitigation and climate change adaptation and the risks and opportunities related to climate change mitigation.

The policy applies to Heidelberg Materials AG and all companies directly or indirectly under its control, both in terms of its own operations and the upstream and downstream value chain.

The objectives of this policy are in line with the Paris Agreement.

Alternative Fuels and Raw Materials Policy

Heidelberg Materials' Alternative Fuels and Raw Materials Policy reflects our commitment to reducing the use of fossil fuels and primary raw materials. By recycling waste products and by-products from other industries, we aim to reduce our CO_2 emissions and contribute to the circular economy. The policy addresses the impacts regarding the material topic climate change mitigation and the impacts and the risk related to energy.

Heidelberg Materials uses alternative fuels and raw materials of known origin that comply with regulations and our own standards. We prefer alternative fuels and raw materials from local production that support local waste management and only consider imports if alternative fuels and raw materials are not available locally in the required quality and quantity.

Compliance with the policy is monitored through regular audits regarding the use of alternative fuels and raw materials performed by internal and external bodies and through reporting according to national and international standards. The scope of the policy extends to Heidelberg Materials AG and all directly or indirectly controlled companies in its own operations. Affected stakeholder groups include local communities.

Through its involvement in associations such as GCCA and Cembureau, Heidelberg Materials demonstrates its commitment to increasing the use of alternative fuels in the cement sector in order to help shape the regulatory framework. The use of these fuels is subject to strict regulatory requirements that ensure their environmental sustainability.

Circularity Policy

At Heidelberg Materials, sustainable products are characterised by the use of recycled materials and/or by lower CO_2 emissions during production. The policy is outlined in the **Policies section of the Circular economy chapter** and addresses the positive impact and the opportunity related to climate change mitigation.

Actions

In order to reduce the specific CO_2 emissions of our products, we continuously improve the energy efficiency of our plants, increase the proportion of alternative fuels, and decrease the proportion of the energy-intensive intermediate product clinker in our cements. In view of the unavoidable process emissions from cement production, our industry constantly strives to find new solutions to protect the climate. Heidelberg Materials therefore particularly invests in researching and scaling up innovative technologies for the capture and utilisation of CO_2. With the help of various carbon capture technologies, we are working on capturing CO_2 in order to utilise or store it.

Heidelberg Materials will continue to implement the following measures in the years to come.

Measures at the clinker level

In the reporting year, Heidelberg Materials continued to introduce measures at the clinker level. To improve the carbon footprint of our Portland cement-based concrete products, which essentially consists of approx. 95% cement clinker, we use clinker substitutes known as supplementary cementitious materials (SCMs). If these SCMs are added during the grinding of the cement clinker, they are also referred to as additives. SCMs are usually alternative materials from other industries, such as blast furnace slag, fly ash, and calcined clays, which are produced by thermally treating raw clay. Blast furnace slag is a by-product from the production of pig iron in the blast furnace process, while fly ash is a waste product from the combustion of coal at power stations. These by-products are valuable raw materials for Heidelberg Materials. When used as a cement or concrete component, these materials are generally reactive and can contribute to product performance. Composite cements, which consist of a mixture of clinker, SCMs, and other additives, such as pulverised limestone, can be used to significantly replace energy-intensive Portland cement clinker. In this way, the clinker content can be reduced from the usual 95% in a Portland cement to up to 35% in composite cements. This goes hand in hand with a corresponding reduction in CO_2 emissions.

Measures at the clinker level also include increasing the proportion of alternative fuels in the overall fuel mix. This predominantly relates to residues and waste that would be uneconomical to recycle or cannot be recycled by any other means, such as processed household waste or biomass (e.g. dried sewage sludge or agricultural waste in Asia), as well as industrial by-products and waste products (e.g. used tyres). Across the Group, numerous projects aimed at further expanding the proportion of alternative fuels, are being implemented. For example, the feed system at our plant in Rezzato, Italy, has been expanded to increase the use of refuse-derived fuels (RDF) at the plant. At our plant in Grobogan, Indonesia, a system for the use of commercial waste – such as rice husks and wood offcuts – is being set up to reduce the use of conventional fuels.

The measures for process optimisation apply to the company's own operations in the cement and ready-mixed concrete business lines worldwide.

Measures at the cement level

During the reporting year, Heidelberg Materials launched the evoBuild® brand, under which the company's sustainable products, which are either low-carbon (cement and concrete), circular (concrete), or both, will be marketed in the future (see the **Actions section of the chapter Circular economy**).

In addition to evoBuild, another new brand, evoZero®, was developed specifically for Heidelberg Materials' future CCS-based net-zero products[2]. evoZero achieves its net-zero attribute by using carbon capture and storage (CCS) technology at the Heidelberg Materials plant in Brevik, Norway, as well as a mass balance method (either limited to the Brevik production site or limited to several Heidelberg Materials production sites). Net-zero is achieved without compensation through allowances generated outside the company's value chain.[3]

We will be supplying our customers with evoZero products in the course of 2025. They will be able to choose between two products: evoZero Carbon Captured Brevik is our mass-balanced product, produced in and delivered from Brevik. We have deliberately decided to subject only the process emissions to mass balancing and exclude the remaining emissions (e.g. from transport), since the net-zero footprint will be achieved by taking a holistic view over the entire life cycle of the product (cradle to grave).

The DIN 16757 standard specifies the following as reference values for the natural carbonation of concrete: 5 kg of CO_2/m^3 for infrastructure or 25 kg of CO_2/m^3 for buildings over a utilisation phase of 100 years and when using CEM I-based concrete. In addition, a further CO_2 uptake of 5 kg of CO_2/m^3 of concrete is to be expected during demolition and recycling of the demolition concrete.

"evoZero Carbon Captured" without the addition "Brevik" in the product name is based on a mass balance approach between several Heidelberg Materials cement plants. It will be available from any European plant located near a customer project. The carbon footprint of locally produced cement is reported via a verified environmental product declaration. The CO_2 savings achieved in Brevik are credited to the locally produced product via allowances in order to reduce the carbon footprint to zero. It will therefore have a net-zero footprint from delivery onwards. The carbon capture and emission accounting mechanisms are reviewed by a third-party verifier, ensuring that each tonne of captured CO_2 is only accounted for once. The use of blockchain technology is intended to offer an additional layer of trust and provide proof that each carbon-saving attribute is only applied once.

2) In terms of CO_2 emissions.
3) For more information, see https://www.evozero.com/docs/evozero-assurance-en.pdf.

Among others, the Nobel Center project has opted to use evoZero for the construction of its new building in Stockholm. The new Nobel Center will be a hub for science, culture, and dialogue in Slussen, on the northern shore of Södermalm island in the Swedish capital. Construction is scheduled for 2027. Furthermore, the Swedish construction company Skanska signed an agreement with Heidelberg Materials in June 2024 to order evoZero.

The scope of the measures extends to Heidelberg Materials' own operations in the cement, aggregates, and ready-mixed concrete-asphalt business lines.

Breakthrough technologies

Heidelberg Materials continued to advance its activities in connection with carbon capture, utilisation, and storage (CCUS) in the reporting year. The focus is on the capture of CO_2 from the clinker production process. The captured CO_2 can be used in various processes, such as the production of synthetic fuels, the cultivation of microalgae, or the recarbonation of recycled concrete, or it can be permanently stored in suitable geological formations.

In Bulgaria, the construction of a pilot plant for the capture of CO_2 at the Heidelberg Materials plant in Devnya was successfully completed during the reporting year, and the trial period for carbon capture has already begun. In a first step towards full-scale implementation, the ANRAV.beta pilot project will demonstrate OxyCal capture technology on an industrial scale. Additionally, we will conduct performance tests using only alternative fuels. The ANRAV.beta unit is a key step in the implementation of the large-scale ANRAV project, which is scheduled to go into operation in 2028.

In addition, six oxygen tanks for the oxyfuel kiln line were installed at the cement plant Mergelstetten, Germany, as part of the catch4climate carbon capture project. The oxyfuel process is a clinker-burning technology in which pure oxygen is introduced into the kiln instead of air in order to ensure heat generation without atmospheric nitrogen by burning primary and alternative fuels. In this way, the CO_2 content of the exhaust gas in the kiln is increased to about 90%, thus considerably increasing the potential for carbon capture. The aim of the project is to capture 100% of a cement plant's CO_2 emissions in a cost-effective manner. The project is also intended to create the conditions for large-scale use of carbon capture technologies in the cement industry. The oxyfuel plant is expected to go into operation in 2025.

After the groundbreaking ceremony in June 2024 for the Cap2U carbon capture project hosted by Linde and Heidelberg Materials at the cement plant Lengfurt, Germany, the first sections of the CCU plant were erected. The facility is expected to go into operation in 2025 with a planned capture capacity of 70,000 tonnes of CO_2 per year. Due to its purity, the processed gas will be suitable for use in both the chemical and food industries.

Heidelberg Materials has launched a feasibility study for a decarbonisation project at its Rezzato-Mazzano cement plant in the province of Brescia. It will be the first plant in Italy to produce net-zero cement and concrete using CCS technology, and will therefore also contribute to the expansion of CCS on an industrial scale in Italy. As part of the initiative, Heidelberg Materials will evaluate the feasibility of capturing CO_2 from cement production and transporting it via pipeline to the Ravenna CCS hub under the Adriatic Sea. The aim is to achieve a capture rate of more than 95% of the CO_2 emissions from the plant in Rezzato-Mazzano.

At the beginning of December 2024, we completed the mechanical installation of our pioneering CCS project in Brevik, Norway, which will be followed by the commissioning of the plant before carbon emissions are captured in Brevik and made available for transport and storage by Northern Lights in the course of 2025. In Brevik, 400,000 tonnes of CO_2 are to be captured annually, which equates to 50% of the plant's emissions.

The measures relating to CCUS apply to Heidelberg Materials' own operations in the cement business line.

The Group strategy is geared towards harmonising growth and sustainability through measures including sustainable financial instruments and increasing the proportion of revenue from sustainable products. In June 2024, Heidelberg Materials AG thus issued its first green bond with an issue volume of €700 million and a term ending in 2034. In September 2024, another green bond with a volume of €500 million and a term ending in 2031 was issued. The range of projects financed by these bonds extends from the modernisation of plants, for example to increase the use of alternative fuels, to the expansion of carbon capture technologies.

The financial resources for our climate change mitigation actions vary depending on the project scope, technology, location and condition of the cement plant, development of transport and storage facilities, etc. In addition to capital expenditure (CapEx), operating expenses (OpEx) is also needed. By 2030, we aim to invest around €1.5 billion in the CapEx plan as defined for the EU taxonomy. Because the implementation of CCUS projects is complex and cost-intensive, national and international funding is required in addition to the company's CapEx.

Internal generation and purchase of green electricity

The Group Energy Procurement department constantly reviews new activities in numerous Group countries in order to further expand the proportion of green electricity in the coming years. These activities include investments in our own facilities for the generation of green electricity as well as long-term power purchase agreements (PPAs) to secure the supply of electricity from renewable energies. We are also implementing energy efficiency measures to reduce electricity consumption and generate electricity from waste heat. In 2024, Heidelberg Materials signed further agreements to source renewable electricity in countries such as Italy, India, Indonesia, Morocco, and Germany. In Egypt, we commissioned our own plant for generating electricity from waste heat in 2024, which will meet about 15% of the electricity demand of our plants in Egypt with green electricity in the future.

The green electricity measures cover the upstream value chain and Heidelberg Materials' own operations in all business lines.

Targets and metrics

Heidelberg Materials focuses on three decarbonisation levers to mitigate the climate impact from the production of building materials: measures at the clinker level, measures at the cement level, and breakthrough technologies. Our climate targets are part of our **Sustainability Commitments 2030**. All relevant internal departments were involved in defining the targets. The target for Scope 3 CO_2 emissions was also defined in consultation with our suppliers. Our targets should contribute to achieving SDG 13 (take urgent action to combat climate change and its impacts).

Heidelberg Materials’ reference values refer to the year 2020. Mergers, acquisitions, and divestments may result in changes to the scope of consolidation. For this reason, the significance threshold for direct emissions (Scope 1) was set at 5%. If there is a change to the scope of consolidation of +/– 5%, we will reassess our climate targets. This threshold is in line with the SBTi guidelines and the Cement CO_2 Protocol from the GCCA.

In order to develop Heidelberg Materials decarbonisation strategy, various possible scenarios were designed and analysed. The aim was to draw up specific plans for all Group countries that prioritise decarbonisation projects based on the plant and depending on the available investments. After evaluating these results, we identified areas with potential for improvement and drew up a Group-wide CO_2 roadmap. The CO_2 roadmap forecasts our emissions for the period from 2020 to 2030 as a guide to achieving our climate targets. When drawing up the CO_2 roadmap, the Group countries work together on an interdisciplinary basis and take into account technical as well as economic and regulatory factors in the company’s decarbonisation strategy. The CO_2 roadmap also draws on assumptions as to how the market for carbon-reduced products could develop in the respective Group countries. Heidelberg Materials assesses the long-term impact of new projects (e.g. mergers and acquisitions) on the carbon footprint and how this impact can be harmonised with the company’s emission reduction targets. Heidelberg Materials monitors and reviews its compliance with the CO_2 roadmap on a monthly basis.

In order to forecast the development of CO_2 emissions from our plants across the Group, we analysed the current data on CO_2 emissions from raw materials and fuels. With the support of the Cement Competence Center, the Group countries were able to calculate how high CO_2 emissions would be if various measures were implemented. In the calculation, we made the assumption that we will contribute to the reduction of greenhouse gas emissions by means of our CCUS projects.

Scope 1 – Direct emissions

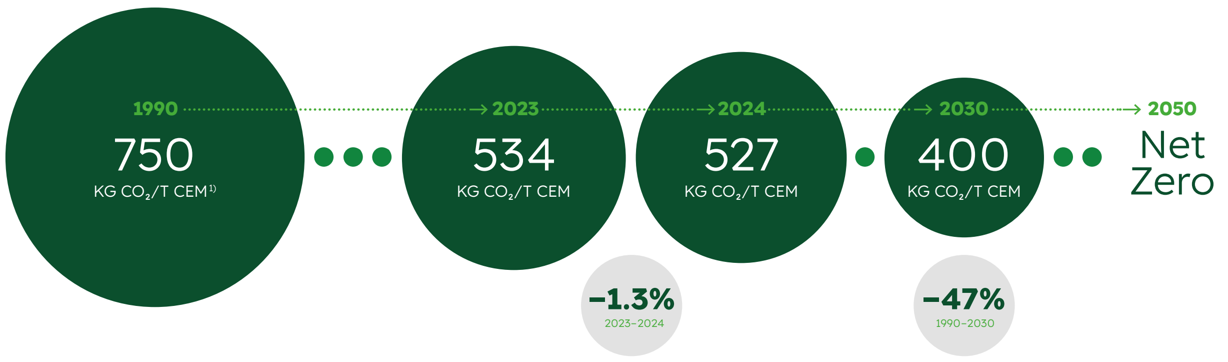
Scope 1 CO_2 emissions are direct emissions from our own company or controlled sources. These emissions are generated, for example, by kiln combustion of fuels related to cement clinker production, by the combustion of carbonate rock such as limestone (calcination), by combustion of fuels that do not originate from kilns (e.g. hot gas generators, dryers), by combustion of fuels for on-site electricity generation, and by fuel consumption by the vehicle fleet (see **Table Methodologies, assumptions, and emission factors**).

The targets outlined below apply to the company’s own operations in the cement business line.

We aim to reduce the specific net Scope 1 CO_2 emissions to 400 kg of CO_2 per tonne of cementitious material by 2030. We thus intend to reduce our specific gross Scope 1 CO_2 emissions by 2030 by 24% compared with 2020. We aim to achieve net-zero emissions by 2050 at the latest. Our 2030 climate target is reviewed every two years to reassess the impact of the decarbonisation levers and optimise emission reduction where possible.

The 2020 baseline value for specific net Scope 1 CO_2 emissions for the cement business line was 576 kg of CO_2 per tonne of cementitious material. The 2020 baseline value for specific gross Scope 1 CO_2 emissions for the cement business line was 611 kg of CO_2 per tonne of cementitious material.

Reduction of our specific net Scope 1 CO_2 emissions



1) Value is not included in the external voluntary audit to obtain limited assurance.

Measures at the clinker level

To reduce specific gross Scope 1 CO_2 emissions, Heidelberg Materials plans to increase the proportion of alternative fuels in the fuel mix to 45% and the proportion of biomass to up to 20% by 2030. By means of this target, Heidelberg Materials is promoting the use of alternative fuels derived from preprocessed waste for use in the cement industry to replace fossil fuels. The use of alternative fuels in cement production reduces the carbon footprint of our company.

The 2020 baseline value was around 25.7% for the alternative fuel rate and 9.9% for the proportion of biomass.

Measures at the cement level

Reducing the proportion of clinker in cement through the use of cementitious materials can also reduce the company’s carbon footprint. Cementitious materials are generally production residues from other industries (e.g. fly ash from coal-fired power plants and landfill sites, ground blast furnace slag, pozzolans, calcined clay, etc.), which can replace some of the CO_2-intensive clinker in cement. The aim is to reduce the proportion of clinker in cement to 68% by 2030. In the long term, further reductions will be needed in order to achieve net zero by 2050.

The 2020 baseline value was 74.3%.

Scope 2 – Indirect emissions from purchased energy

Scope 2 CO_2 emissions are indirect emissions from the generation of energy, e. g. electricity and heat that a company procures or purchases from third parties – the production and transportation of which results in CO_2 emissions.

Heidelberg Materials is focusing on energy efficiency measures, among other things, in order to reduce the specific gross Scope 2 CO_2 emissions per tonne of cementitious material by 65% between 2020 and 2030. We aim to reduce grid consumption by generating our own renewable electricity. In Group countries where this is not feasible, we make use of PPAs.

The 2020 baseline value was 43.96 kg of CO_2/t of cementitious material.[4)]

In alignment with SBTi, Heidelberg Materials committed to reduce gross Scope 1 and 2 CO_2 emissions by 26.7% per tonne of cementitious material by 2030 compared with the base year 2020. The company has also committed to reduce Scope 1 and Scope 2 gross CO_2 emissions by 95% per tonne of cementitious material by 2050 compared with base year 2020[5)] and reduce absolute Scope 3 CO_2 emissions by 90% over the same period.[6)]

Scope 3 – Emissions in the value chain

Scope 3 CO_2 emissions are all other indirect emissions from a company's activities from sources not owned or controlled by the company. At Heidelberg Materials, these are: purchased materials and fuels (purchased clinker, raw materials, cement constituents, cement), upstream and downstream transportation (by truck, rail, vessel), and the use of sold products and investments.

In alignment with SBTi, we have set ourselves the target of reducing the absolute Scope 3 CO_2 emissions from purchased goods and services[7)] in the upstream and downstream supply chain by 25% by 2030 compared with 2020. To achieve this, we are working with suppliers to ensure transparency in emissions data. At supplier meetings, for example, we encourage companies to reduce CO_2 emissions or switch to low-carbon products in order to comply with the Paris Agreement.

The 2020 baseline value was 8.16 million tonnes of CO_2.[8)]

The market-based method is used to calculate Scope 2 CO_2 emissions. The 2030 target covers 100% of Scope 1 and 2 CO_2 emissions from all cement plants. Scope 3 relates only to emissions from purchased cement and clinker. This corresponds to coverage of 92% of the Scope 3 CO_2 emissions recorded in Category 1 (purchased goods and services) in 2020.

Sustainable revenue

We aim to generate 50% of our Group revenue from carbon-reduced and circular products and solutions by 2030, thereby mitigating the climate impact of our business activities. This target is outlined in the **Targets and metrics section of the chapter Circular economy**.

4) The baseline value for 2020 was audited based on the location-based method. As no supplier specific emission factors were available at this point in time, the location- and market-based figures are assumed to be equal.
5) The target limit includes land-based emissions and the extraction of biogenic raw materials.
6) https://www.gov.uk/government/publications/greenhouse-gas-reporting-conver-sion-factors-2024

7) Related to purchased cement and clinker
8) Value is not included in the external voluntary audit to obtain limited assurance.

CO_2 emissions

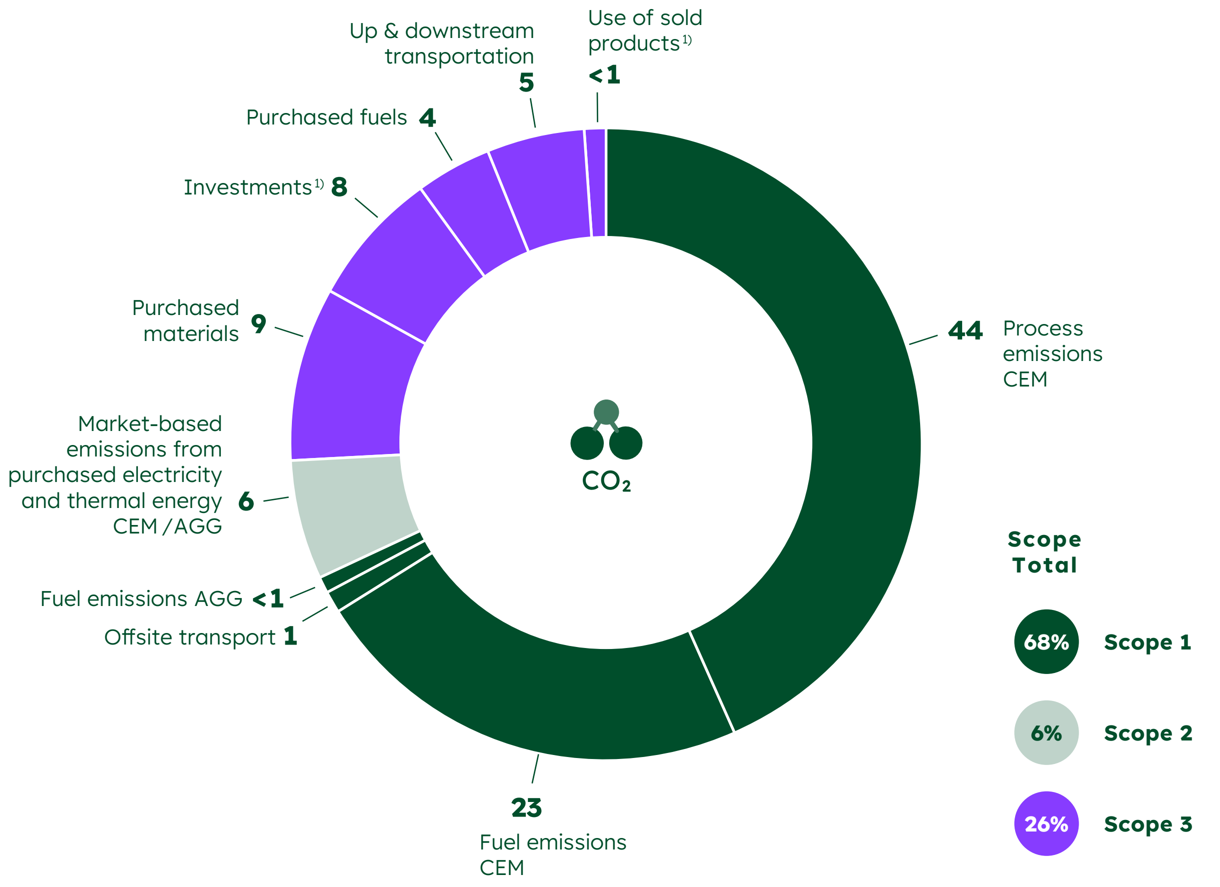
Methodologies, assumptions, and emission factors

Scope	Category	Methodologies	Assumptions	Emission factors
Scope 1	–	GHG Protocol, GCCA CO_2 Protocol	Gross CO_2 emissions do not include electricity generation on site or CO_2 from the combustion of biomass waste. Net CO_2 emissions exclude CO_2 from the fossil fuel component in alternative fuels.	The emission factors for fuels and process-related emissions are determined in the laboratory (location-specific) or taken from the GCCA CO_2 Protocol.
Scope 2	–	GHG Protocol, Location-based methodology, Market-based methodology		The emission factors for the location-based method are taken from the IEA. The emission factors for the market-based method are either supplier-specific or taken from the residual electricity mix, if guarantees of origin or other reliable tracking mechanisms exist.
	Purchased goods and services	GHG Protocol, average method		Either supplier-specific or taken from the GCCA CO_2 Protocol.
	Purchased fuels and energy-related activities	GHG Protocol, average method		Well-to-tank (WTT) emission factors are used for purchased fuels. Transmission loss factors are used for energy-related activities. Both are taken from DEFRA.
Scope 3	Upstream and downstream transportation	GHG Protocol, average distance method		The emission factors are taken from the GCCA's EPD tool v3.1.

Since 2018, CO_2 emissions from Heidelberg Materials' cement business line have been continuously evaluated worldwide. As a member company, we follow the guidelines of the CO_2 Protocol from the GCCA and the Greenhouse Gas Protocol (GHG Protocol) when calculating and evaluating our CO_2 emissions. The table provides an overview of the methods used for each scope. We use our actual data as far as possible. If this data is not available, we draw on internationally recognised emission factor databases.

Because clinker production is so energy-intensive, 68% of CO_2 emissions are attributable to Scope 1, 6% to Scope 2, and 26% to Scope 3.

CO_2 split across scopes (in %)



1) Value is not included in the external voluntary audit to obtain limited assurance.

1

Scope 1

To calculate Scope 1 CO_2 emissions, we use the GHG Protocol, the CO_2 and energy accounting and reporting standard for the cement industry (from the Cement Sustainability Initiative of the WBCSD), as well as the guidelines from the GCCA. The calculations include all direct emissions originating from our own entities or those controlled by the company.

Scope 1 CO_2 emissions are generated by both stationary sources (e.g. combustion of fuels and calcination of carbonate rock in rotary drum kilns related to clinker production, fuel-based power generation plants, and other units such as heating gas generators and drying plants) and mobile sources (e.g. from the fuel consumption of the vehicle fleet).

Direct CO_2 emissions (Scope 1) for the cement business line include both process-related emissions and fuel-related emissions. According to the GCCA definitions, CO_2 emissions from the use of biomass as a fuel are considered climate neutral. For our aggregates business line we report Scope 1 CO_2 emissions based on the fuel consumption on site and apply appropriate emission factors to derive the associated CO_2 emissions.

Heidelberg Materials has developed a comprehensive system to record and calculate the CO_2 emissions. In this system and the associated operational subsystems, the quantities of fuels and raw materials used, as reported by each location, together with the process information and material balances in each process step, are linked to the emission factors based on laboratory data or standard factors. This enables emissions to be accurately attributed to the products manufactured. In addition to GCCA factors, we also use DEFRA values as databases for recognised standard factors.[9)]

In accordance with its internal CO_2 roadmap, Heidelberg Materials was able to reduce its specific net Scope 1 CO_2 emissions by a further 1.3% in the 2024 financial year to 527 kg CO_2/t of cementitious material (previous year: 534). This corresponds to a reduction of 30% compared with the base year 1990.[10)] Gross Scope 1 CO_2 emissions decreased by 7% compared to the 2020 baseline.

We succeeded in further increasing the proportion of alternative fuels[11)] to 31.3% (previous year: 29.9), while at the same time reducing the specific heat consumption of our kilns.

The clinker ratio was reduced by 0.9 percentage point to 69.3% (previous year: 70.2%). Improvements were achieved by optimising the product portfolio, especially in regions with a predominantly high proportion of clinker in the cement.

The share of biomass as a fuel increased to 14.5% (previous year: 13.2%).

9) https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024
10) Value is not included in the external voluntary audit to obtain limited assurance.
11) The key figure corresponds to the definitions of the GCCA, but refers only to the thermal energy required for kiln operations.

2

Scope 2

To calculate the Scope 2 CO_2 emissions, we use both the GHG Protocol and the CO_2 and energy accounting and reporting standard for the cement industry (from the Cement Sustainability Initiative of the WBCSD).

Scope 2 (location-based):
The calculation of the location-based Scope 2 CO_2 emissions is based on the externally purchased or acquired electricity volumes and on the emission factors provided by the International Energy Agency (IEA) for the national electricity grid and updated annually. They reflect the average CO_2 emissions per unit of electricity in the respective countries in terms of energy generation.

Scope 2 (market-based):
To calculate the market-based Scope 2 CO_2 emissions, we prefer to use the emission factors relating to the electricity suppliers. These factors include all individual energy products and attribute certificates assigned to Heidelberg Materials or the standardised emission factors that apply to all customers of the electricity supplier.

If this specific data is not available, we use the residual mix emission factors. These factors represent the average emission value of the remaining electricity mix after accounting for all decommissioned, specific energy products and certificates.

As a last resort, if neither the emission factors for the electricity supplier nor the residual mix emission factors are available, we use the location-based emission factors as a proxy.

By means of this tiered methodology, we ensure that our calculations of market-based Scope 2 CO_2 emissions are as accurate and representative as possible. In 2024, we calculated a share of 54% of total Scope 2 CO_2 emissions for the cement business line and 94% for the aggregates business line using the market-based method. For the remaining emissions, standard factors have been used, for example from the IEA.

In the past year, we have used various contractual instruments to diversify our energy supply.

For our on-site projects, where energy is generated directly at the location, we invest in our own facilities or PPAs, which enable us to make the energy supply cost-effective and sustainable while avoiding regulated costs.

We also use PPAs for off-site projects in which renewable energy is generated at another location and supplied to our supply points via the public supply network. These off-site PPAs are often supplemented by attribute certificates to maintain the renewable nature of energy.

Certificates that can be traded, transferred, and cancelled apart from the physical electricity can also be used. The prerequisite is that these certificates meet the quality criteria set out in the GHG Protocol. In North America we use renewable energy certificates (RECs), in Europe guarantees of origin (GoOs), and in other countries international renewable energy certificates (I-RECs).

In the cement business line, absolute Scope 1 CO_2 emissions remained constant compared with the previous year. Indirect market-based CO_2 emissions were reduced compared to 2023 and amount to 4.2 million tonnes of CO_2 (previous year: 4.5). The reasons for this are the overall reduction in electricity consumption as well as the increased purchase of renewable energy. Compared with the reference year 2020, the decrease for Scope 2 CO_2 emissions per tonne of cementitious material corresponds to 12%.

Combined, a reduction of 8% was achieved for Scope 1 CO_2 emissions and Scope 2 CO_2 emissions in the 2024 financial year compared with 2020.

CO_2 emissions – cement business line

	2020	2023	2024	Unit
Scope 1 GHG emissions				
Absolute gross CO_2 emissions (Scope 1)	–	61.2	61.1	million t
Absolute net CO_2 emissions (Scope 1)	–	57.1	56.9	million t
Specific gross CO_2 emissions per tonne of cementitious material (Scope 1)	611	569	566	kg CO_2/t
Specific net CO_2 emissions per tonne of cementitious material (Scope 1)	576	534	527	kg CO_2/t
Share of Scope 1 emissions covered by the ETS or other climate regulation	–	41	40	%
Scope 2 GHG emissions				
Absolute CO_2 emissions from external electrical power and thermal energy production (Scope 2) – market based approach	–	4.5	4.2	million t
Absolute CO_2 emissions from external electrical power and thermal energy production (Scope 2) – location based approach	–	4.4	4.8	million t
Specific CO_2 emissions from external electrical power and thermal energy production per tonne of cementitious material (Scope 2) – market based approach[1)]	44	42	39	kg CO_2/t
Specific CO_2 emissions from external electrical power and thermal energy production per tonne of cementitious material (Scope 2) – location based approach	–	41	44	kg CO_2/t
Raw Materials				
Clinker content	74.3	70.2	69.3	%
Proportion of alternative raw materials				
– Clinker production	–	4.1	3.9	%
– Cement production	–	11.0	11.1	%

1) The baseline value for 2020 was audited based on the location-based method. As no supplier specific emission factors were available at this point in time, the location- and market-based figures are assumed to be equal.

At 0.49 million tonnes of CO_2 (previous year: 0.50), absolute emissions for Scope 1 for the aggregates business line are at the previous year's level and in line with production developments. Absolute market-based Scope 2 emissions fell slightly to 0.24 million tonnes of CO_2 (previous year: 0.25).

CO_2 emissions – aggregates business line

	2023	2024	Unit
Scope 1 GHG emissions			
Absolute CO_2 emissions from fuels (Scope 1)[1]	0.50	0.49	million t
Specific CO_2 emissions from fuels (Scope 1)[1]	1.85	1.90	kg CO_2/t
Scope 2 GHG emissions			
Absolute CO_2 emissions from external electrical power and thermal energy production (Scope 2) – market based approach	0.25	0.24	million t
Absolute CO_2 emissions from external electrical power and thermal energy production (Scope 2) – location based approach	0.25	0.24	million t
Specific CO_2 emissions from external electrical power and thermal energy production per tonne of cementitious material (Scope 2) – market based approach	0.93	0.94	kg CO_2/t
Specific CO_2 emissions from external electrical power and thermal energy production per tonne of cementitious material (Scope 2) – location based approach	0.94	0.93	kg CO_2/t

1) After revalidation, the value was retroactively adjusted in 2023.

3

Scope 3

For Scope 3 CO_2 emissions, we report in alignment with the recommendations of the GCCA and the WBCSD's Cement Sector Scope 3 GHG Accounting and Reporting Guidance on the four material categories most relevant to us (purchased materials, fuels, up- and downstream transport, and distribution).

We try to obtain supplier- and product-specific emission factors. If these are not available, we use standard emission factors from the GCCA's EPD tool (based on EcoInvent). For purchased electricity and fuels for the cement and aggregates business lines, we also use standard factors to record upstream emissions. These factors are based on the latest publicly available data from the UK government's Department for Environment, Food, and Rural Affairs (DEFRA).

Emissions for the category "purchased raw materials" are based on the volumes of main raw materials we procure externally. These emissions cover only our cement and aggregates business lines. In the case of purchased cement and clinker, we ask our suppliers for the specific CO_2 emissions contained in their products. For other raw materials, such as gypsum, we use standard factors from the GCCA Environmental Product Declarations (EPD) database.

Upstream and downstream transport and distribution information is collected annually for all of our activities. For emissions associated with incoming and outgoing transport, we specifically collect the quantities transported and distances travelled. This is done either directly on the basis of invoice data contained in our enterprise resource planning (ERP) systems or, if necessary, using estimates. For the conversion into CO_2 emissions, we use standard emission factors from the GCCA EPD database, adapted to the specific transport modes.

Losses in accuracy are to be expected when using standard factors, as sector averages cannot reflect local or regional differences. One example of this is purchased clinker. By applying regional standard factors, local influencing factors, such as the availability of alternative fuels at a plant, are taken into account. At other plants, these factors may not be taken into account. However, increasing the level of accuracy is only possible with a great deal of effort, especially where suppliers are concerned. Unless there are specific factors, we use recognised standard factors to calculate our Scope 3 CO_2 emissions. To improve data quality, we are continuously working on the data we use to calculate our Scope 3 CO_2 emissions.

In 2024, Scope 3 CO_2 emissions from purchased fuels remained constant. Due to slightly increased electricity consumption and the resulting emissions from electricity generation and distribution, these emissions amounted to 3.8 million tonnes of CO_2 (previous year: 3.7). The same applies to emissions from purchased raw materials, amounting to 7.9 million tonnes of CO_2 (previous year: 7.9) in 2024 due to a slightly lower relevant purchasing volume. CO_2 emissions from upstream and downstream transport and distribution rose by 29% in comparison with the previous year to 4.5 million tonnes of CO_2 (previous year: 3.5). This is due to the increase in external transport by ship and truck in the downstream value chain.

Compared with the base year 2020, we were able to reduce Scope 3 CO_2 emissions from purchased cement and clinker by 13% in the 2024 financial year.

Additional CO_2 KPIs

	2023	**2024**	Unit
All business lines			
CO_2 emissions from offsite transport (Scope 1)	1.5	1.2	million t
CO_2 emissions from purchased materials (Scope 3)	7.9	7.9	million t
CO_2 emissions from purchased fuels (Scope 3)	3.7	3.8	million t
CO_2 emissions from upstream and downstream transportation and distribution (Scope 3)	3.5	4.5	million t
GHG intensity per net revenue [1]			
Total GHG emissions (location-based) per net revenue	–	4.0	kt CO_2/€m
Total GHG emissions (market-based) per net revenue	–	4.0	kt CO_2/€m

1) We calculate the specific total CO2 emissions per revenue based on the absolute (gross) Scope 1 and 2 categories for our cement and aggregates business lines as well as the Scope 3 categories listed in the table above divided by the Group's total revenue.

Internal carbon pricing

Heidelberg Materials has established a shadow pricing mechanism to account for internal CO_2 costs. Countries with an existing emissions trading system (ETS) have direct costs due to CO_2 emissions. When a project achieves significant CO_2 savings, it contributes not only to the company's decarbonisation strategy, but also to reducing costs. Heidelberg Materials therefore uses an internal CO_2 price to evaluate investment decisions. Depending on the geographical location, existing ETSs, and the impact of CO_2 savings, we include the financial CO_2 effect in the analysis. This enables us to understand the costs in relation to the CO_2 emissions saved and to prioritise and approve projects accordingly.

Heidelberg Materials forecasts the medium-term (2030) and long-term (2050) internal CO_2 price. This price is determined on a quarterly basis for the current year and annually for medium- and long-term planning, and it is included in the annual financial planning. The starting price is the current market price. The price is calculated using several sources, particularly forecasts from financial institutions and analysts who continuously monitor the market and publish forecasts on the development of the CO_2 price up to 2030. The sources used include Morgan Stanley, Commerzbank, Vertis, Bloomberg, Macquarie, and Energy Aspects.

The CO_2 price is applied to countries subject to an ETS if one exists. The CO_2 price applies in all countries where there is a current regulation that obliges the cement industry to pay for the CO_2 emissions released in the atmosphere. This means that the CO_2 price applies in all European countries. Other countries with a comparable ETS must also take the country-specific CO_2 costs into account. We thereby consider the applicable ETS and CO_2 rights and requirements in relation to the current market price and the internal forecast. By factoring these considerations into corporate planning, we can assess the profitability of projects, including environmental costs (see **Regulatory risks section of the Risk and opportunity report chapter**).

The internal CO_2 price is not included in the consolidated income statement, since it is only used for the valuation of investment projects.

Energy consumption and energy mix

Energy consumption per tonne of cementitious material was reduced from 2,981 MJ/t to 2,978 MJ/t. This is due to the reduction in the clinker content in the product as well as the increased use of powdered alternative raw materials. Some of our cement plants (44%) are ISO 50001 certified for the efficient management of energy consumption.

Energy

	2020	2023	2024	Unit
Absolute energy consumption				
– Cement	–	318,671	321,504	TJ
– thereof clinker production	–	291,023	295,138	TJ
– Aggregates[1]	–	10,010	9,677	TJ
Consumption of renewable energy[2]	–	12.3	14.8	%
Specific energy consumption				
– Cement	–	2,981	2,978	MJ/t
– thereof clinker production	–	3,864	3,909	MJ/t
– Aggregates[1]	–	36.9	37.3	MJ/t
Fuel mix for clinker production				
– Hard coal	–	34.5	33.3	%
– Lignite	–	1.4	1.5	%
– Petroleum coke	–	20.9	21.6	%
– Natural gas	–	12.9	12.1	%
– Light fuel oil	–	0.1	0.1	%
– Heavy fuel oil	–	0.2	0.1	%
– Other fossil fuels	–	0.0	0.0	%
– Alternative fossil fuels	–	16.7	16.7	%
– Biomass	9.9	13.2	14.5	%
– Proportion of biomass in mix of alternative fuels	–	44.1	46.5	%
Alternative fuel mix for clinker production				
– RDF	–	26.9	27.6	%
– Waste oil	–	2.1	1.8	%
– Used tyres	–	7.4	5.7	%
– Solvents	–	5.0	4.5	%
– Dried sewage sludge	–	1.5	1.6	%
– Meat and bone meal	–	3.1	2.6	%
– Agricultural waste and waste wood	–	11.9	15.1	%
– Other biomass	–	27.7	27.2	%
– Other alternative fuels	–	14.5	13.8	%
Alternative fuel rate (incl. biomass)[3]	25.7	29.9	31.3	%

1) After revalidation, the value was retroactively adjusted in 2023.
2) The values are not included in the external voluntary audit to obtain limited assurance.
3) The figure corresponds to the definitions of the GCCA, but includes only the thermal energy required of the kilns

Information according to the EU Taxonomy Regulation

The Taxonomy Regulation is a classification system that translates the EU’s climate and environmental objectives into criteria for certain environmentally sustainable economic activities for investment purposes. Economic activities are recognised as “environmentally sustainable” if they make a substantial contribution to at least one of the EU’s climate and environmental objectives while not significantly harming any of the other defined environmental objectives. In addition, minimum social standards (termed minimum safeguards) must be met.

Assessment of taxonomy eligibility

The portfolio of our economic activities was assessed in the reporting year with regard to taxonomy eligibility under the delegated acts. In addition to “CCM 3.7. Manufacture of cement” (represented in the following as the cement business line), “CCM 5.9. Material recovery from non-hazardous waste” (represented in the following as the recycled aggregates operating line within the aggregates business line) has been identified as a relevant economic activity in accordance with the delegated act on climate change mitigation and adaptation (see **Circular economy chapter**). Of the other four environmental objectives, only the environmental objective “transition to a circular economy” with the activity “CE 2.7. Sorting and material recovery of non-hazardous waste” was identified as material for Heidelberg Materials. We regard our business activities that are taxonomy eligible under CCM 5.9 and CE 2.7 as identical. There is no division between the two activities.

In accordance with the disclosure requirements, we report in detail on these economic activities (alignment reporting).

There are also other taxonomy-eligible economic activities within Heidelberg Materials’ business lines, such as transport services, which are, however, not shown separately and are included in the reporting for the cement business line and activity 3.7, respectively.

Additionally, we analysed our activities in relation to Delegated Act (EU) 2022/1214 regarding economic activities related to the nuclear and fossil gas energy sectors. We did not identify any relevant taxonomy-eligible activities in the 2024 reporting year. We have therefore not applied the reporting pursuant to Annex XII.

The table below shows the activities in the fields of nuclear energy and fossil gas.

Heidelberg Materials’ other economic activities, such as the ready-mixed concrete-asphalt business line, are taxonomy-non-eligible under the currently known legal acts. We also analysed cross-sectional economic activities for the capital expenses (CapEx) and operating expenses (OpEx) KPIs, but this did not result in any additional reportable activities.

Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies..	NO
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades..	NO

Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels..	NO
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Review of the technical screening criteria

The technical screening criteria for taxonomy alignment with the Climate Mitigation act were reviewed by an interdisciplinary working group and with the involvement of further experts, in particular with regard to the interpretation of the “do no significant harm” (DNSH) criteria. The requirements of the delegated act on climate change adaptation were not pursued further, as we are currently unable to achieve taxonomy-aligned revenue, CapEx, and OpEx pursuant to the Taxonomy Regulation.

To review the criteria determining whether a substantial contribution to climate protection (“substantial contribution” criteria) is made, internal reporting systems and data were used to verify compliance with the respective limit values at plant level. A distinction is made between the various types of plants (integrated plants, clinker plants, grinding plants) and is based on the reporting definitions set out by the GCCA industry association. The recovery rate plays a decisive role for the taxonomy-eligible recycling activities under CCM 5.9 and CE 2.7. We use internal material stream statistics to assess whether the substantial contribution has been achieved.

For the somewhat more qualitative DNSH criteria, the individual (legal) requirements and their applicability to Heidelberg Materials were reviewed and potential approaches for proving the alignment of the individual plants were devised. For example, a location-based assessment for climate change adaptation was developed, covering various climate scenarios and time horizons. If risks are identified, the plants will be expected to implement appropriate adjustment measures. At the same time, for criteria such as "protection and restoration of biodiversity and ecosystems" or "sustainable use and protection of water and marine resources," use is made of existing processes. We regularly assess the proximity of our operational sites to protected areas and, if necessary, develop biodiversity management plans. For the "sustainable use and protection of water and marine resources" criterion, we have extended our existing approach of creating water management plans and make use of the assessment of (potential) risks and impacts carried out for this purpose.

For the "manufacture of cement" activity and the "pollution prevention and control" criterion, we use, among other things, our long-established processes for monitoring air pollutants to verify compliance. We have also examined the additional requirements for the products we manufacture, such as those relating to placing hazardous substances on the market. We conclude that these criteria have been fulfilled. With respect to circular economy, there are no requirements within the Taxonomy Regulation for "CCM 3.7. Manufacture of cement" and "CCM 5.9. Material recovery from non-hazardous waste."

For CE 2.7, the DNSH requirements and approaches for climate change adaptation, water, and biodiversity are identical to those of the Climate Protection Act. Additionally, compliance with the requirements of the conclusions on the best available techniques (BAT) for waste treatment and the associated emission limits introduces a requirement in the area of environmental pollution. However, since the processed materials primarily consist of construction waste that is treated purely mechanically, the BAT conclusions do not apply.

In order to comply with the minimum safeguards, we have closely coordinated with the Group Legal & Compliance department and compared our existing measures on human rights, anti-corruption, fair competition, and taxation with the requirements of the Taxonomy Regulation. As we have been implementing compliance processes in these areas for many years and are continuously reviewing and expanding them, we have come to the conclusion that the minimum safeguards are being met. One current example of our continuous optimisation efforts is our work in the field of human rights to further expand our analysis of significant risks and their impact on potentially affected parties. Particularly with respect to our supply chains, we have supplemented our existing risk management with suitable processes (in the context of the requirements of the German Supply Chain Due Diligence Act (LkSG), among others). Further information on this topic can be found in the **Compliance section**.

Explanation of the key figures

The key figures revenue, capital expenses (CapEx), and operating expenses (OpEx) relevant to the EU Taxonomy Regulation were determined with reference to the definitions set out in the Annex to the Delegated Act (EU 2021/2178) to Article 8 of Regulation 2020/852. The relevant revenue, CapEx, and OpEx were assigned to the above-mentioned taxonomy-eligible economic activities. Standard reporting (assignment by business line) was used to determine the key figures, avoiding the possibility of double counting across the two economic activities.

Revenue

The key figure for sustainable revenue pursuant to the Taxonomy Regulation is calculated on the basis of revenue related to the taxonomy-aligned economic activities (numerator) divided by total revenue (denominator). Revenue is defined as the revenue shown in the consolidated income statement that relates to revenue from contracts with customers pursuant to IFRS 15. This can be found in **Note 7.1**.

The total revenue of the Group pursuant to the Taxonomy Regulation amounts to €21,156.4 million (previous year: 21,177.6), of which €10,967.1 million or 51.8% (previous year: 11,210.6 or 52.9) is attributable to taxonomy-eligible revenue for the cement business line (CCM 3.7) and €125.6 million or 0.6% (previous year: 81.3 or 0.4) to the recycled aggregates operating line (CE 2.7 and CCM 5.9). As a result of the achievement of taxonomy-alignment of other plants, the taxonomy-aligned share of revenue with third parties rose to €227.5 million or 1.1% (previous year: 124.5 or 0.6) for the cement business line. In addition, taxonomy-aligned intra-Group eliminations are €90.7 million. The taxonomy-aligned share of revenue for the recycled aggregates operating line is €10.1 million or 0.05% (previous year: 11.6 or 0.1).

Share of taxonomy-eligible and taxonomy-aligned revenue

	2023		2024	
	in €m	in %	in €m	in %
Taxonomy-non-eligible revenue	9,885.6	46.7	10,063.7	47.6
Taxonomy-eligible revenue	11,291.9	53.3	11,092.7	52.4
thereof taxonomy-aligned revenue	136.1	0.6	237.7	1.1
Total revenue	**21,177.6**	**100.0**	**21,156.4**	**100.0**

The detailed quantitative information at economic activity level can be found in the table on **page 133**.

Capital expenses (CapEx)

CapEx comprises all additions of tangible and intangible assets, including leases but excluding goodwill and revaluations. CapEx thus results from the additions to intangible assets (**Note 9.1**) and from property, plant and equipment including right-of-use assets (**Note 9.2**) in the Notes to the balance sheet. Besides additions from ordinary business operations (see line "Additions"), additions from business combinations (see line "Business combinations") are also included in the total CapEx.

Total CapEx pursuant to the Taxonomy Regulation amounts to €1,926.1 million (previous year: 2,199.6). Of this, €817.0 million or 42.4% (previous year: 1,439.8 or 65.5) is attributable to taxonomy-eligible CapEx for the cement business line and €113.3 million or 5.9% (previous year: 55.2 or 2.5) to the recycled aggregates operating line. The taxonomy-aligned share of CapEx is €277.7 million or 14.4% (previous year: 303.5 or 13.8) for the cement business line. The absolute decline is primarily attributable to the modernisation of the Mitchell cement plant in Indiana, USA, which was commissioned in June 2023. The taxonomy-aligned share of CapEx is €3.8 million or 0.2% (previous year: 4.3 or 0.2%) for the recycled aggregates operating line. This taxonomy-aligned CapEx includes €252.6 million (previous year: 295.3) from additions to property, plant and equipment as well as €27.6 million (previous year: 12.5) from additions to intangible assets and €1.3 million (previous year: 0.0) from additions to right-of-use assets and business combinations.

Share of taxonomy-eligible and taxonomy-aligned CapEx

	2023[1]		2024	
	in €m	in %	in €m	in %
Taxonomy-non-eligible CapEx	704.6	32.0	995.8	51.7
Taxonomy-eligible CapEx	1,495.0	68.0	930.3	48.3
thereof taxonomy-aligned CapEx	307.8	14.0	281.5	14.6
Total CapEx	**2,199.6**	**100.0**	**1,926.1**	**100.0**

1) Due to the change in priority plants, 2023 figures have been adjusted.

The detailed quantitative information at economic activity level can be found in the table on **page 134**.

Investment plan (CapEx plan) within the meaning of the EU taxonomy

Pursuant to the Taxonomy Regulation, the cement business line and the recycled aggregates operating line are taxonomy-eligible in the context of the climate protection and circular economy environmental objectives. In order to continuously increase the share of taxonomy-aligned economic activities, significant investments are required specifically for the "manufacture of cement" activity (CCM 3.7), particularly in carbon capture, utilisation, and storage (CCUS, see **Climate, energy, and emissions section** and **Research and development chapter**) and technical facilities for increasing the proportion of alternative fuels or raw materials.

Heidelberg Materials has set climate targets for 2030 based on detailed measures and plans (CO_2 roadmap). Large-scale projects in particular require a long planning and implementation phase, which is why the extension of the planning period to more than five years is objectively justified and in line with the internal CO_2 roadmap. We want to significantly reduce our specific CO_2 emissions by 2030. Our corporate climate target is below the limit value defined by the EU for a substantial contribution to climate protection for specific gross CO_2 emissions of 469 kg CO_2 per tonne of cement or alternative binders. In order to achieve our corporate climate target by 2030 at the latest, further investments must therefore be made.

We have updated the investment planning on which our internal CO_2 roadmap is based. In order to increase taxonomy-aligned revenue while complying with the technical screening criteria, Heidelberg Materials now expects CapEx totalling €2,099 million (reported in the previous year: 1,740, corrected 1,851) and OpEx of €108 million (reported in the previous year: 101) for the economic activity "CCM 3.7. Manufacture of cement" between 2023 and 2030. The value includes actual investments of €292.2 million in 2023, and €256.4 million for the reporting year 2024 as well as planned investments of €1,550 million for the years 2025–2030. The investment increased for the planning period 2023–2030, as there is a higher need for expenditure in major projects. The Hanover plant was excluded from the investment plan due to its conversion into a grinding facility.

In the reporting year, investments for the CapEx plan amounted to €256.4 million. The OpEx incurred under the CapEx plan for the 2024 financial year came to €24.6 million.

Operating expenses (OpEx)

The following non-capitalised direct expenses are considered to be OpEx:

- Research and development:
  Our research and development expenditure is a key driver of innovation. This includes central innovation hubs focused on the development of new technologies, improved processes, and breakthrough digital technologies, as well as the local optimisation of products and applications for an elevated customer experience. The total amount for all business lines corresponds to the presentation in the **Research and development section**.

- Lease expenses for short-term leases and low-value assets:
  Expenses that meet the definition of IFRS 16 Leases but are not recognised as a right-of-use asset or lease liability because they relate to a short-term lease (< 12 months) or a low-value asset. The total amount for all business lines corresponds to the lease expenses in the other operating expenses in **Note 7.5**.

- Repair and maintenance/building renovation measures:
  Expenditure on repair materials, spare and wear parts, and repair services from external providers and employees. The total amount for all business lines differs from the expenses for third-party repairs and services in the other operating expenses in **Note 7.5** because of the different scope and resulting different inclusion of accounts (third-party repairs and third-party services in contrast to internal and external expenditure on repair and maintenance).

- All other direct expenditure relating to the daily maintenance of property, plant and equipment necessary to ensure the continuous and effective functioning of these assets.

The method of collecting OpEx data was adjusted in 2023. As a result, we can now collect OpEx figures in a more standardised and simple way, as they are sometimes recorded differently in the individual countries, which can lead to inconsistencies. The global approach that has been introduced means that the calculation is based on a standardised and structured procedure.

Due to a slight rise in research and development expenditure, total OpEx pursuant to the EU taxonomy increased slighty to €1,720.2 million (previous year: 1,672.1). Taxonomy-eligible OpEx was identified as €940.7 million or 54.7% (previous year: 917.8 or 54.9%) for the cement business line and €17.3 million or 1.0% (previous year: 9.4 or 0.6%) for the recycled aggregates operating line. For part of the taxonomy-eligible research and development expenditure in the cement business line, no direct assignment to the taxonomy-aligned plants is possible, hence they were assigned proportionally to all plants using a key based on total cement production.

In total, €53.5 million or 3.1% (previous year: 42.1 or 2.5) of OpEx for the cement business line and €1.1 million or 0.1% (previous year: 1.0 or 0.1) for the recycled aggregates operating line is taxonomy-aligned and composed of €21.0 million (previous year: 21.0) from research and development expenditure, €30.3 million (previous year: 18.6) from maintenance and repair, and €3.4 million (previous year: 3.4) from short-term leases.

Share of taxonomy-eligible and taxonomy-aligned OpEx

	2023[1]		**2024**	
	in €m	in %	in €m	in %
Taxonomy-non-eligible OpEx	744.9	44.5	762.2	44.3
Taxonomy-eligible OpEx	927.2	55.5	958.0	55.7
thereof taxonomy-aligned OpEx	43.1	2.6	54.6	3.2
Total OpEx	**1,672.1**	**100.0**	**1,720.2**	**100.0**

1) Due to the change in priority plants, 2023 figures have been adjusted.

The detailed quantitative information at economic activity level can be found in the table on **page 135**.

Proportion of turnover 2024 from products or services associated with taxonomy-aligned economic activities

Financial year 2024		2024		Substantial contribution criteria						DNSH criteria									
Economic activities (1)	Code(s) (2)	Turnover (3)	Proportion of Turnover 2024 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	**Proportion of Taxonomy aligned (A.1.) or eligble (A.2.) turnover 2023 (18)**	Category enabling activity (19)	Category transitional activity (20)
		€m	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of Cement	CCM 3.7	227.5	1.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	**0.6%**		T
Material recovery from non-hazardous waste/ Sorting and material recovery of non-hazardous waste	**CCM 5.9/** CE 2.7	10.1	0.0%	**Y**	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	**0.1%**		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		237.7	1.1%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	**0.6%**		
of which Enabling		0,0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y		E	
of which Transitional		227.5	1.1%	1.1%						Y	Y	Y	Y	Y	Y	Y	**0.6%**		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of Cement	CCM 3.7	10,739.5	50.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								**52.3%**		
Material recovery from non-hazardous waste / Sorting and material recovery of non-hazardous waste	**CCM 5.9/** CE 2.7	115.5	0.5%	EL	N/EL	N/EL	N/EL	EL	N/EL								**0.3%**		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		10,855.0	51.3%	51.3%	0.0%	0.0%	0.0%	0.0%	0.0%								**52.7%**		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		11,092.7	52.4%	52.4%	0.0%	0.0%	0.0%	0.0%	0.0%								**53.3%**		
B. Taxonomy-non-eligible activities																			
Turnover of Taxonomy-non-eligible activities		10,063.7	47.6%																
Total		21,156.4	100.0%																

Y — Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective **N** — No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective **N/EL** — not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

Proportion of CapEx 2024 from products or services associated with taxonomy-aligned economic activities

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria									
Economic activities (1)	Code(s) (2)	CapEx (3)	Proportion of CapEx 2024 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	**Proportion of Taxonomy aligned (A.1.) or eligble (A.2.) CapEx 2023 (18)**	Category enabling activity (19)	Category transitional activity (20)
		€m	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of Cement	CCM 3.7	277.7	14.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	**13.8%**		T
Material recovery from non-hazardous waste/ Sorting and material recovery of non-hazardous waste	**CCM 5.9/** CE 2.7	3.8	0.2%	**Y**	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	**0.2%**		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		281.5	14.6%	14.6%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	**14.0%**		
of which Enabling		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y		E	
of which Transitional		277.7	14.4%	14.4%						Y	Y	Y	Y	Y	Y	Y	**13.8%**		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of Cement	CCM 3.7	539.3	28.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								**51.7%**		
Material recovery from non-hazardous waste / Sorting and material recovery of non-hazardous waste	**CCM 5.9/** CE 2.7	109.5	5.7%	EL	N/EL	N/EL	N/EL	EL	N/EL								**2.3%**		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		648.8	33.7%	33,7%	0.0%	0.0%	0.0%	0.0%	0.0%								**54.0%**		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		930.3	48.3%	48,3%	0.0%	0.0%	0.0%	0.0%	0.0%								**68.0%**		
B. Taxonomy-non-eligible activities																			
CapEx of Taxonomy-non-eligible activities		995.8	51.7%																
Total		1,926.1	100.0%																

Y — Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective **N** — No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective **N/EL** — not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

Proportion of OpEx 2024 from products or services associated with taxonomy-aligned economic activities

Financial year 2024		2024		Substantial contribution criteria						DNSH criteria									
Economic activities (1)	Code(s) (2)	OpEx (3)	Proportion of OpEx 2024 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx 2023 (18)**	Category enabling activity (19)	Category transitional activity (20)
		€m	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of Cement	CCM 3.7	53.5	3.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	**2.5%**		T
Material recovery from non-hazardous waste/ Sorting and material recovery of non-hazardous waste	**CCM 5.9/** CE 2.7	1.1	0.1%	**Y**	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	**0.1%**		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		54.6	3.2%	3.2%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	**2.6%**		
of which Enabling		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y		E	
of which Transitional		53.5	3.1%	3.1%						Y	Y	Y	Y	Y	Y	Y	**2.5%**		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of Cement	CCM 3.7	887.2	51.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								**52.4%**		
Material recovery from non-hazardous waste / Sorting and material recovery of non-hazardous waste	**CCM 5.9/** CE 2.7	16.2	0.9%	EL	N/EL	N/EL	N/EL	EL	N/EL								**0.5%**		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		903.3	52.5%	52.5%	0.0%	0.0%	0.0%	0.0%	0.0%								**52.9%**		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		958.0	55.7%	55.7%	0.0%	0.0%	0.0%	0.0%	0.0%								**55.5%**		
B. Taxonomy-non-eligible activities																			
OpEx of Taxonomy-non-eligible activities		762.2	44.3%																
Total		1,720.2	100%																

Y — Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective **N** — No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective **N/EL** — not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

Proportion of turnover/Total turnover

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate Change Mitigation (CCM)	1.1%	52.4%
Climate Change Adaptation (CCA)	0.0%	0.0%
Water and Marine Resources (WTR)	0.0%	0.0%
Circular Economy (CE)	0.0%	0.6%
Pollution Prevention and Control (PPC)	0.0%	0.0%
Biodiversity and Ecoystems (BIO)	0.0%	0.0%

Proportion of CapEx/Total CapEx

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate Change Mitigation (CCM)	14.6%	48.3%
Climate Change Adaptation (CCA)	0.0%	0.0%
Water and Marine Resources (WTR)	0.0%	0.0%
Circular Economy (CE)	0.2%	5.9%
Pollution Prevention and Control (PPC)	0.0%	0.0%
Biodiversity and Ecoystems (BIO)	0.0%	0.0%

Proportion of OpEx/Total OpEx

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate Change Mitigation (CCM)	3.2%	55.7%
Climate Change Adaptation (CCA)	0.0%	0.0%
Water and Marine Resources (WTR)	0.0%	0.0%
Circular Economy (CE)	0.1%	1.0%
Pollution Prevention and Control (PPC)	0.0%	0.0%
Biodiversity and Ecoystems (BIO)	0.0%	0.0%

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Impacts, risks, and opportunities

Pollution

Impact materiality		**Financial materiality**	
Negative impacts	Positive impacts	Risks	Opportunities

Air pollution

Financial risks arising from legally required measures to reduce emissions as well as compensation payments if limit values for air pollutants are exceeded due to legal requirements

Risk up own down

Air pollution

Air pollution caused by the release of pollutants from production processes

● – up own down

Soil pollution

Impairment of soil structure and fertility due to the extraction of raw materials, operation of production facilities, and use of building materials

● – up own down

Policies

Compliance with the following policies is intended to prevent incidents and emergencies regarding the negative impacts associated with air and soil pollution due to the release of pollutants in our production processes and the impairment of soil structure and fertility due to the extraction of raw materials, operation of production facilities, and use of building materials. In addition, there are other local requirements, most of which are licensing requirements, that regulate the handling of incidents and emergency situations, such as the Hazardous Incident Ordinance in Germany or the chapter on emergency care and hazard prevention for locations with ISO14001 certification.

Environmental Policy

The Environmental Policy of Heidelberg Materials aims to ensure the environment is considered in all operational and investment-related decisions. It includes our commitment to monitor environmental impacts by measuring relevant emissions, which include air pollutants. The policy addresses the impact and risk regarding the material topic air pollution. A description of the policy can be found in the **Policies section of the Climate change chapter**.

Emission Limit Values Policy

The Emission Limit Values Policy specifies maximum limits for air pollutant emissions and other environmental impacts caused by cement plants, such as noise. The policy outlines the technological conditions and prerequisites for cement production and reflects Heidelberg Materials' self-commitment to continuously improve process engineering measures for reducing pollutants, modernise existing exhaust gas purification systems, and invest in new facilities. The policy is binding for new facilities and serves as a target for the continuous improvement process of existing cement plants. The policy addresses the impact and risk regarding the material topic air pollution.

The policy applies to all cement plants operated by Heidelberg Materials, as industrial combustion processes are carried out there, resulting in the emission of air pollutants.

The policy falls under the responsibility of the Chief Technical Officer (CTO) and the global Competence Center Cement (CCC).

Environmental audit policies for cement, aggregates, and ready-mixed concrete

In its environmental audit policies, Heidelberg Materials commits to conduct environmental audits for the cement, aggregates, and ready-mixed concrete business lines. The scope of the environmental audits is based on defined standards that aim to reduce environmental risks and prevent harm to people and the environment. These policies address the impacts regarding the material topics air and soil pollution in the company's own operations and apply worldwide. They fall under the responsibility of the Chief Sustainability and New Technologies Officer (CSO).

Actions

The following measures to minimise air and soil pollution apply to the company's own operations. The company intends to maintain these measures permanently.

Environmental audits

Heidelberg Materials' locations carry out annual environmental self-audits in accordance with the environmental audit policies. These audits are conducted by site managers or other qualified employees. The environmental audits are designed as a self-assessment tool for site managers. The standard questionnaire includes questions about pollution. This is to ensure that all operating units are aware of local legal requirements for air and soil protection and for reducing dust and noise pollution.

The self-audits also cover the most important environmental risks. When analysing environmental risks, we apply the guidelines of environmental management systems such as ISO 14001. Specific environmental risks such as air emissions, soil contamination, and noise are therefore assessed throughout the process. The risk assessments are regularly evaluated and adjusted as necessary. If there are risks, preventive measures are defined. The location-specific questionnaires are reviewed by the relevant department at Group level. Remedial measures are also defined and implemented. Spot checks are carried out annually at selected locations to ensure that audits are reliable.

Management processes for air pollutants at cement plants

Due to the industrial combustion processes and significant quantities of exhaust gases produced, it is important to control air pollutant emissions at cement plants – especially during clinker production. During the reporting year, Heidelberg Materials continued to implement procedures and management processes to effectively control the environmental impact of air pollutants at cement plants. These procedures and processes must be implemented and documented in line with local requirements and conditions, and this is regularly reviewed through gap analyses and internal audits. Heidelberg Materials plans to expand its monitoring of air pollutant emissions at all cement plants on a regular and, for some parameters – especially dust, NO_X, and SO_X – continuous basis. We aim to reduce and minimise air and soil pollutants through the use of innovative process technology and emission reduction systems. Investments in filter systems to minimise dust emissions and technologies to reduce emissions of pollutants, including small amounts of other pollutants such as heavy metals, which are filtered as necessary, are part of our commitment to reduce the environmental impact of our production facilities, and are supported by investments in research and development.

Measures for soil protection

Soil pollutant emissions are particularly relevant when storing chemicals. Fuels and other chemicals must be stored in compliance with local environmental standards and the local technical regulations for hazardous substances. Spill control systems and special spill prevention kits such as floor trays, special hazardous material trays, or hazardous material safety cabinets should be available for all liquids to prevent soil contamination. In addition, access to chemicals is strictly controlled and documented.

In line with the EU taxonomy, we have compiled a CapEx plan to increase the share of taxonomy-aligned revenue. This plan focuses primarily on the reduction of CO_2 emissions. It also includes investments to meet the DNSH criteria, such as investments to reduce air pollutants.

In the 2024 reporting year, total investments towards the CapEx plan amounted to €256.4 million. The operating expenses incurred under the CapEx plan for the 2024 financial year amounted to €24.6 million.

We anticipate future investments and operating expenditures for pollution-related measures to remain within a similar range.

Targets and metrics

Heidelberg Materials has voluntarily set Group targets to address air pollution caused by the release of pollutants from production processes. As environmental legislation varies greatly around the world, targets for air pollutants in some countries with stricter environmental regulations are based on binding limit values from the respective local environmental laws. All our locations in the cement and aggregates business lines that are certified in accordance with ISO 14001 have also set themselves local targets adapted to their respective environmental impacts. These are tracked through the mandatory audits.

Targets to reduce nitrogen oxides (NO_X) and sulphur oxides (SO_X)

Nitrogen oxide (NO_X) and sulphur oxide (SO_X) emissions are among the main air pollutants associated with clinker and cement production. To reduce air pollution in our own operations, we have set quantitative targets in our **Sustainability Commitments 2030**. We aim to reduce the specific SO_X and NO_X emissions per tonne of clinker generated in our cement production by 40% by 2030 compared to the base year 2008[1)].

The targets are specific, and achievement is measured in percentage points. The baseline values for 2008[1)] are 1,585g/t clinker for NO_X emissions and 506g/t clinker for SO_X emissions. The target values for NO_X and SO_X emissions were determined using a bottom-up approach, taking local regulatory requirements into consideration. The target values were primarily determined based on valid approval notices issued by the responsible supervisory authorities at the respective locations. This methodology is designed to ensure that the global targets are consistent with specific local environmental regulations and conditions.

1) The reference values from the base year 2008 are not included in the external voluntary audit to obtain limited assurance.

The targets apply to Heidelberg Materials' own operations in the cement business line and were defined in consultation with all relevant internal departments. The targets are not based on scientific evidence and environmental thresholds have not been applied.

SO_X and NO_X emission values are measured and monitored primarily by means of continuous, quarterly measurements at the cement plants. The progress made so far in achieving the targets is aligned with the original timeline.

Heidelberg Materials focuses on air pollutants as this is the main exposure pathway for environmental pollutants in cement production. Targets have been set for this purpose. We do not consider setting target values for soil pollutants to be necessary. Best practice manuals are available for the cement, aggregates, and ready-mixed concrete business lines that track the effectiveness of our policies and actions regarding soil pollutants. Furthermore 94% of our integrated cement plants have implemented environmental management systems following ISO 14001 certification or similar standards and are regularly audited.

Air and soil pollution metrics

In 2024, specific SO_X emissions decreased compared to the previous year. Besides the typical fluctuations mainly associated with raw materials, this improvement is also due to the reduced usage or decommissioning of older kiln models. Compared with the reference year 2008[2)], we achieved a 48% reduction in specific SO_X emissions and have thus already achieved our target for 2030. We have now improved NO_X emissions by 17% compared to the reference year, which represents a moderate increase compared to the previous year.

Air Emissions

	2008[1)]	2023	**2024**	Unit
Absolute NO_X emissions		90,784	99,602	t
Specific NO_X emissions	1,585	1,205	1,320	g/t clinker
Absolute SO_X emissions		24,589	19,732	t
Specific SO_X emissions	506	326	261	g/t clinker
Absolute dust emissions	–	2,725	2,452	t
Specific dust emissions	–	36	33	g/t clinker
Proportion of clinker produced in kilns with continuous or discontinuous measurement of all emissions	–	74	77	%
Proportion of clinker produced in kilns with continuous measurement of dust, NO_X, and SO_X emissions	–	87	91	%
Mercury				
Absolute mercury emissions	–	–	1	t
Specific mercury emissions	–	0.018	0.018	g/t clinker
Dioxins and furans				
Absolute dioxin emissions	–	–	3	t
Specific dioxin emissions	–	0.057	0.044	µg TEQ/t clinker

1) The baseline values for the base year 2008 are not included in the external voluntary audit to obtain limited assurance

An annual survey and validation process involving the production plants, specialists from the respective Group countries, and headquarters is carried out to determine Group values for air pollutants and assess how current and representative the individual measured values are, as well as the appropriate equipment for continuous emission measurement and the implementation of corresponding management systems.

Our SAP-based reporting system for the cement business line, which records the monthly values, plays a significant role in recording and processing the measured values.

2) The reference values from the base year 2008 are not included in the external voluntary audit to obtain limited assurance.

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Impacts, risks, and opportunities

Water and marine resources

Impact materiality

Negative impacts

Positive impacts

Financial materiality

Risks

Opportunities

Water (Water consumption)

Industrial water withdrawal, quarrying activities, power generation, and concrete production affect water resources.

– up own down

Water (Water consumption)

Financial effects caused by increased costs associated with water scarcity and environmental regulations. Investments in water efficiency measures (e.g. water recycling or operating licences) are essential, otherwise production losses may occur.

Risk up own down

Water (Water discharges)

Potential degradation of different types of water bodies and aquatic habitats by industrial activities

– up own down

Policies

Heidelberg Materials is committed to water management and water conservation. We have a local and global responsibility to conserve resources and are committed to minimising the impact of our business activities on natural water resources.

The policies below fall under the responsibility of our Chief Sustainability and New Technologies Officer (CSO).

Water Policy

The most important elements of the Water Policy include minimising the environmental impact of our own operations on water resources and complying with local laws and regulations, as well as monitoring and reporting on water in risk areas and implementing water management plans and water recycling systems. With this policy, we have committed ourselves both to supporting access to clean water and sanitation as a human right and to minimising the environmental impact of our wastewater. The Water Policy covers the impacts on water consumption and water discharges as well as the risk related to water consumption. Compliance with the policy is ensured through a defined process that includes cooperation with stakeholders, Group-wide communication, as well as essential training and Q&As sessions. Regular internal and external audits and spot checks are conducted to ensure implementation across all business lines and Group countries.

We strive to make our surplus water resources from quarry drainage and rainwater harvesting available to local communities when possible and formally agreed upon.

As a signatory to the World Business Council for Sustainable Development's (WBCSD) WASH Pledge, we are committed to providing our employees and contractors with access to drinking water and safe sanitation and hygiene at our locations, as well as implementing the necessary measures to ensure this at all our locations.

Furthermore, as a member of the Global Cement and Concrete Association (GCCA), Heidelberg Materials has committed to complying with its reporting guidelines, which have been integrated into our internal standards.

The policy applies to the Group's own operations and the upstream value chain. Our suppliers in the upstream value chain commit themselves through the Supplier Code of Conduct to water management and conservation and are thus involved in the implementation of the Water Policy.

To ensure a balanced approach and fair agreements for appropriate and sustainable water management practices, the interests of key stakeholders were taken into account when the policy was jointly defined. Relevant stakeholders include industry and water associations, non-governmental organisations, policy makers, and local communities, as well as other water users in the catchment area.

Responsible Land Use Policy

This policy covers Heidelberg Materials' commitment to responsible land use to protect biodiversity and community livelihoods and addresses the impacts on water consumption and water discharges. The policy aims to prevent water pollution and excessive water consumption, ensure responsible water consumption, as well as protect local water resources and water quality. The Responsible Land Use Policy is outlined in the **Policies section of the Affected communities chapter**.

Use and procurement of water resources

Heidelberg Materials obtains water from a variety of sources, such as public supply networks, approved wells, and rivers and lakes. One area of focus of the Water Policy is the use of rainwater and recycled water to minimise the use of fresh water. Water consumption is systematically monitored and reduced as far as possible with the aid of water management plans in regions with water risks.

We do not have Group-wide guidelines regarding water degradation. Compliance with local environmental regulations and control through water sampling are thus crucial.

As stated in our Water Policy, we strive to use local water resources responsibly to not jeopardise quality and availability.

Most of our concrete plants are equipped with recycling systems. This allows us to reuse recycled water in the production of concrete within the limits permitted by standards. Recycled water is suitable for producing common types of concrete and in many cases also our sustainable ready-mixed concrete products in our evoBuild product portfolio. We recycle water at various production sites also for cooling purposes or washing our vehicles.

In addition to focusing on the responsible use of local water resources in the manufacturing of our products, we also conserve water by developing special products. i.idro DRAIN, a specially developed concrete with high porosity achieved through careful selection of binder and aggregates, enables reliable drainage even in heavy rainfall events. Parking lots are a suitable use case for i.idro DRAIN. Due to its porous structure, i.idro DRAIN also contributes to purifying wastewater before it returns underground, thus relieving the burden on local wastewater systems.

We do not require our suppliers to significantly reduce water consumption. However, according to the Supplier Code of Conduct, the business activities of suppliers must not cause harmful water pollution or excessive water consumption that significantly impairs production of food, denies an individual access to safe and clean drinking water, impedes or prevents an individual's access to sanitary facilities, or harm an individual's health.

There is currently not a commitment to reduce water consumption significantly in areas affected by water risks in our own operations or in the downstream value chain.

Actions

Water management plans include water efficiency and conservation measures, the identification of relevant stakeholders for the site location in relation to water, and a description of water quality data at plant level (e.g. pH value and temperature). The company intends to maintain the following measures permanently.

Identification of plants located in regions with water risks

We have systematically categorised our plants worldwide using the World Resources Institute's Aqueduct tool to identify plants located in regions with water risks. The assessment includes forward-looking indicators (up to 2030) such as water stress, which are essential for competing for water resources and are thus informally defined as the ratio of society's water demand to available water. We assume a "business-as-usual" scenario for this indicator. The other indicators are based on baseline values and address physical risks such as water scarcity, seasonal variability, and flood and drought risks. We also consider physical quality risks in our evaluation. These include untreated, combined wastewater and potential eutrophication of coasts.

Measures to reduce water consumption

During the reporting year, Heidelberg Materials continued its implementation of water recording and reporting systems, which were announced as a roadmap for the **Sustainability Commitments 2030** in 2022. We plan to gradually implement water recording and reporting systems at all our cement, aggregates, and concrete plants in water risk areas by 2027. Heidelberg Materials focuses on individual, location-specific, technically and economically feasible approaches to reducing water consumption in its own operations. Within the cement plants, the World Resources Institute's Aqueduct tool is used as a water analysis system. It helps us comply with the objectives of the Water Policy by documenting water conditions and adjusting management plans as required. Plant-specific water management plans help identify and address water-related risks at an early stage. They are reviewed annually and updated as necessary. We use a water reporting system based on GCCA guidelines at all cement plants. The data collected as part of the reporting process is used to promote the use of rainwater as well as technologies for water reuse and recycling to reduce freshwater consumption.

The involvement of local communities, companies, and authorities in the development and implementation of initiatives to reduce water consumption should enable the adaptation of measures to local conditions.

The measures regarding water consumption are focused on the company's own operations, especially for cement, aggregates, and concrete plants in water risk regions.

Measures related to water discharge

During the reporting year, Heidelberg Materials continued to monitor and test water quality by taking regular samples, which are analysed in external laboratories depending on the country, region, and plant permit. Specific local permits for water discharge and for identifying and classifying potential water pollutants are integrated into the water management plans through stakeholder analyses and risk assessments. In addition, measures to monitor water temperature and ensure compliance with regulatory requirements are implemented on site.

The measures apply to Heidelberg Materials' own operations in all Group regions for the cement and aggregates business lines.

Targets and metrics

As part of our **Sustainability Commitments 2030**, the targets described below are a voluntary commitment by the company to promote a nature-positive future. The targets are not based on scientific evidence and environmental thresholds have not been applied. However, the targets have been developed in accordance with national and international laws and standards, in consultation with our key internal and external stakeholders using the globally recognised database of the Word Resources Institute (WRI). Methodological approaches, such as analysing water risks using WRI tools (e.g. Aqueduct), regional water availability, and the GCCA guidelines were considered when developing locally relevant measures.

Our targets are intended to promote sustainable development by conserving water resources, reducing environmental impacts, and helping adapt to water scarcity caused by climate change, thereby protecting local ecosystems and communities in the long term. In this way, we want to make our contribution to SDG 12 (“Ensure sustainable consumption and production patterns”).

We want to introduce water management plans and water recycling systems at 100% of our locations in regions affected by water risks by 2030. In regions with water risks, we implement water efficiency measures such as optimising water reuse and introducing water-saving technologies to minimise the impact on local water resources. According to the GCCA definition, water recycling systems refer to processes or technologies used to collect, treat, and reuse wastewater for various purposes with the goal of conserving water resources, reducing the demand for freshwater, and minimising the release of wastewater into the environment.

Risks with the potential to have a critical impact (e.g. loss of mining permit or permanent interruption of the production process) must be reported to the relevant country management and to the Group Insurance & Corporate Risk department so they can be considered in the Group risk management process.

Water quality parameters, such as pH value and temperature, are monitored at each location as part of the water management plan within the framework of local and country-specific regulations. Risk areas for water contamination are identified and appropriate measures such as emergency procedures and measures to protect against leaks are implemented.

Water consumption metrics

In 2024, water management plans were implemented at 35% of our aggregates locations and 30% of our cement plants in regions with water risks.

At the end of the 2024 financial year, 55% of our aggregates locations in areas with water risks had implemented water recycling systems, while in the cement business line, this figure had already reached 78%.

The total water consumption is calculated by subtracting the total water discharge from the total water withdrawal. The data is preferably obtained directly from water meters and calculations, or if directly measured data is not available, it is estimated.

The total water consumption in water risk areas is the total sum representing all the water consumption in locations identified as “high” or “extremely high” in terms of water risks. Water risk areas are analysed using the WRI’s Aqueduct tool.

Water management

	2023	2024[1]	Unit
Percentage of locations affected by water risks with a water management plan (Cement business line)	–	30	%
Percentage of locations affected by water risks with a water management plan (Aggregates business line)	–	35	%
Percentage of locations affected by water risks with a water recycling system (Cement business line)	–	78	%
Percentage of locations affected by water risks with a water recycling system (Aggregates business line)	–	55	%

1) Figures were audited for the first time in 2024.

Compared to the previous year, water consumption for the business line cement reduced to 23.3 million m³ (in the prior year: 29.7 million m³). One reason for this was the optimisation of water flows in our production plants.

Specific water consumption for the business line cement was 2,123.8 m³/million € revenue.

Water

	2023	**2024**	Unit
Cement business line			
Total water withdrawal	58.2	53.8	million m³
– thereof in areas with water scarcity	14.8	13.2	million m³
By source:			
– Surface water	25.0	23.9	million m³
– Groundwater	7.8	8.0	million m³
– Seawater	3.5	3.5	million m³
– Municipal/potable water	4.4	3.5	million m³
– External waste water	1.3	1.6	million m³
– Quarry water used	13.7	11.8	million m³
– Harvested rain water used in processes	2.4	1.6	million m³
Total water discharge	28.6	30.6	million m³
– thereof in areas with water scarcity	7.2	9.2	million m³
By place of discharge:			
– Surface water	22.7	24.4	million m³
– Groundwater	0.1	0.2	million m³
– Seawater	3.9	3.9	million m³
– Off-site water treatment facility	1.1	1.4	million m³
– Discharge to beneficial third party/other	0.7	0.6	million m³
Total water consumption (water withdrawal minus wastewater discharge)	29.7	23.3	million m³
– thereof in areas with water scarcity	7.5	4.1	million m³
Specific water withdrawal for clinker	772.8	713.6	l/t
Specific water withdrawal for cement	549.9	509.8	l/t
Specific water discharge for clinker	379.1	404.9	l/t
Specific water discharge for cement	269.7	289.3	l/t
Specific water consumption for clinker	393.7	308.7	l/t
Specific water consumption for cement	280.1	220.5	l/t

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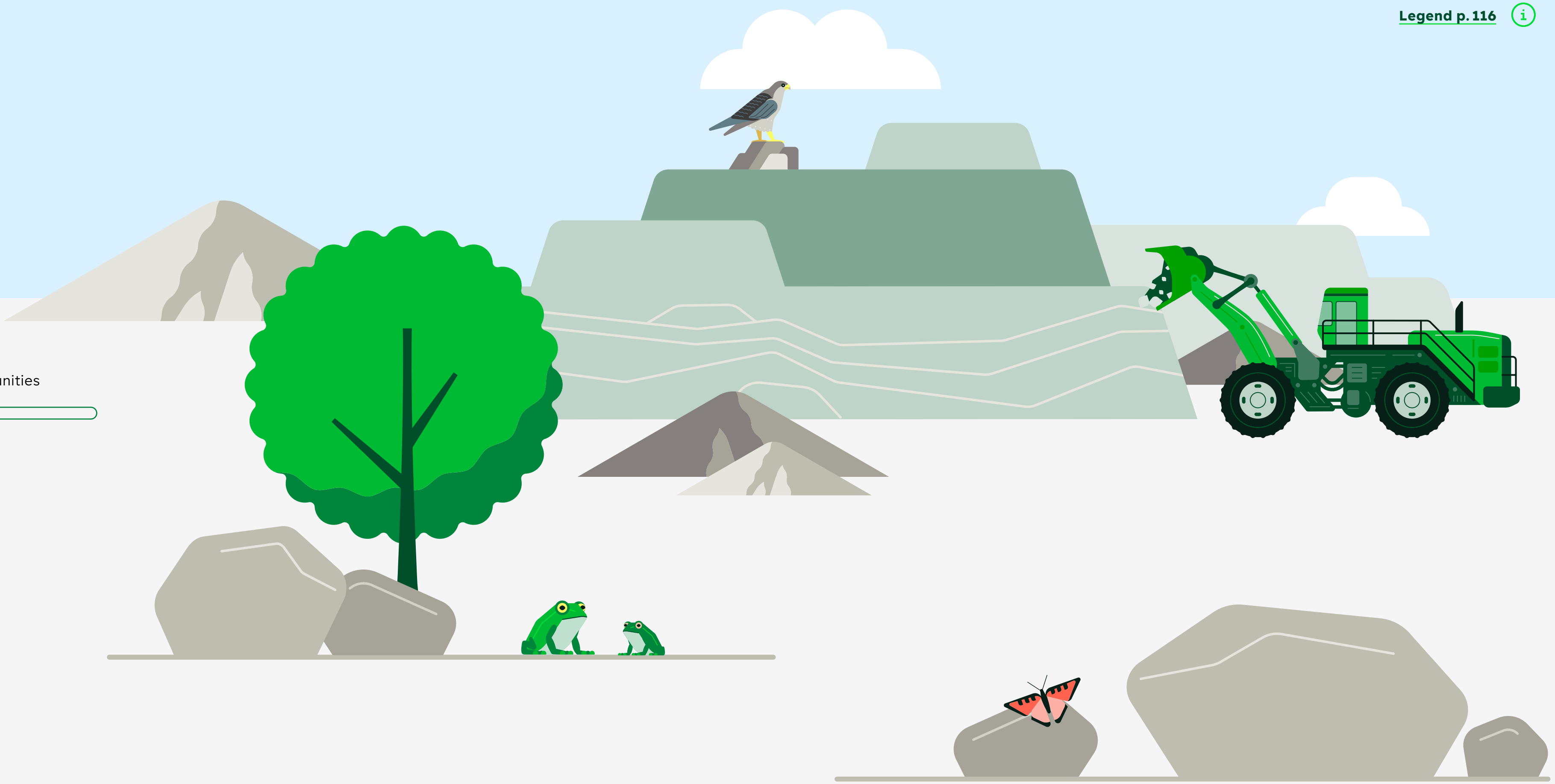
Impacts, risks, and opportunities

Biodiversity and ecosystems



Impact materiality

Negative impacts

Positive impacts

Financial materiality

Risks

Opportunities

Direct impact drivers of biodiversity loss (Climate change)

Disturbance of ecosystems caused by the release of greenhouse gas emissions and other environmental pollutants which contribute to the loss of biodiversity and species extinction.

– up own down

Direct impact drivers of biodiversity loss (Direct exploitation)

The development of areas and the extraction of raw materials influences ecosystems and leads to changes in the natural environment.

– up own down

Direct impact drivers of biodiversity loss (Invasive alien species)

The extraction of raw materials can facilitate the spread of invasive alien species by displacing native species and reducing existing biodiversity.

– up own down

Impacts on the extent and condition of ecosystems (Land degradation)

Stricter environmental regulations designed to counteract adverse effects on soil quality can affect our operating licences and have financial implications.

Risk up own down

Impacts on the extent and condition of ecosystems (Land degradation)

The extraction of raw materials temporarily impairs soil quality.

– up own down

Impacts and dependencies on ecosystem services

We minimise our negative impact on the environment through responsible extraction and holistically planned land use. On the other hand, quarries – as protected areas – can sometimes be "net positive", contributing to an increase in biodiversity.

+ up own down

Material impacts and risks, and their interaction with strategy and business model

Preserving biodiversity is a core pillar of our sustainability strategy. Our activities inevitably impact the environment, and we recognise our responsibility to minimise negative effects and promote positive outcomes. By doing so, we also ensure compliance with stricter environmental regulations and mitigate financial impacts on the company. We are also committed to applying targeted measures to help reach the global target of nature positive. The operation of quarries alters ecosystems and affects local biodiversity by transforming natural environments. The extraction of raw materials can contribute to the displacement of native species while facilitating the spread of invasive alien species. To address these challenges, we prioritise responsible extraction practices and holistic land-use planning. When managed effectively, quarries can serve as protected habitats and even contribute to a net gain in biodiversity. We also acknowledge that active extraction of raw materials can lead to temporary reduction in soil quality, as well as short-term land degradation in extraction areas. The measures we take to promote biodiversity and ecosystems are detailed in the **Actions section**.

At Heidelberg Materials, we recognise that certain operational activities can impact endangered species. To mitigate these effects, we conduct internal and external environmental impact assessments and implement measures to ensure that population sizes of endangered species are not adversely affected. Our commitment to nature conservation extends across all phases of quarry operation – before, during, and after the extraction of raw materials. By creating temporary habitats, enhancing ecosystems, and managing natural landscapes, we actively contribute to biodiversity preservation.

Policies

At Heidelberg Materials, our Biodiversity Policy and Responsible Land Use Policy ensure that our site development and operations align with the targets of the IFC performance standard 6 – biodiversity conservation and sustainable management of living natural resources. Additionally, our Environmental Policy and Climate Policy help to support the provision of ecosystem services to the benefit of surrounding stakeholders. Ecosystem services encompass the various benefits that natural ecosystems provide to people. In the context of the company's activities, these include the provision of resources and recreational spaces, the regulation of climate and water quality, and the support of fundamental processes such as soil formation and nutrient cycling. At present, our corporate policies do not explicitly support traceability for products, components, or raw materials that have significant actual or potential impacts on biodiversity and ecosystems across the value chain. Additionally, there are no Group-wide policies or procedures addressing the sustainability of oceans and seas. However, we have to comply with local regulations in all areas where we operate. Sustainable oceans and seas are particularly relevant to our United Kingdom operations, where a mandatory approval process governs shipping. This process is directly linked to our operating licence issued by The Crown Estate and the Marine Management Organisation. All aforementioned policies apply to our own quarries within the upstream value chain and our own operations. The Chief Sustainability and New Technologies Officer (CSO) is responsible for their implementation.

Biodiversity Policy

Our Biodiversity Policy aims to protect and enhance biodiversity by integrating sustainable practices across our quarries and beyond. A key requirement of this policy is the mandatory implementation of biodiversity management plans at all active quarries. These site-specific plans embed these practices into our operations and support the creation and management of temporary habitats. The policy serves as the foundation of our approach, addressing impacts and risks across all material topics. It defines how we can minimise negative effects while actively promoting measures to enhance biodiversity within and around our sites. This includes partnerships with, among others, NGOs and universities, such as our global partner BirdLife International and its local country-specific partners, IUCN, Kings Park and Botanic Garden in Perth, Australia, and the University of South Bohemia in České Budějovice, Czechia. Our policy outlines the application of the mitigation hierarchy for habitat creation and restoration and commits Heidelberg Materials to supporting the prevention of deforestation and forest degradation. Additionally, the policy highlights the importance of protecting native species and their habitats to prevent the spread of invasive species. All sites near biodiversity-sensitive areas – such as the Natura 2000 network of protected areas, UNESCO World Heritage sites, biodiversity hotspots, and other protected areas[1] – require a biodiversity management plan.

1) Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/2139: L_2021442DE.01000101.xml

These plans define how site activities are managed to mitigate potential biodiversity impacts, and outline conservation measures to be implemented if negative effects are identified. The ESG Group department, in close collaboration with national subsidiaries, is responsible for monitoring compliance with the Biodiversity Policy. The Biodiversity Roadmap is submitted to the Managing Board for approval, and progress is evaluated every two years.

Our Biodiversity Policy addresses transition risks stemming from evolving regulatory requirements and shifting societal expectations.

We actively engage with a diverse range of stakeholders to promote biodiversity protection and restoration. These include NGOs (notably BirdLife International), local communities, policy makers, associations and industry partners. The interests of the most important stakeholders were taken into account in the definition of the Biodiversity Policy through close cooperation with NGOs.

Responsible Land Use Policy

The Responsible Land Use Policy underlines Heidelberg Materials' commitment to responsible land management. It addresses the risk and impacts regarding direct impact drivers of biodiversity loss, impacts on the extent and condition of ecosystems, and impacts and dependencies on ecosystem services. Through the implementation and monitoring of this policy, we aim to promote sustainable land use across our quarries (see **Policies section of the Water and marine resources chapter**).

Environmental Policy

The Environmental Policy ensures that environmental considerations are integrated into all corporate and investment decisions at Heidelberg Materials. It addresses the impacts and risk regarding the material topics Direct impact drivers of biodiversity loss and Impacts on the extent and condition of ecosystems (see **Policies section of the Climate change chapter**).

Climate Policy

The Climate Policy defines our measures to reduce Scope-1, Scope-2, and Scope-3 CO_2-emissions. It addresses the impact regarding the material topic Direct impact drivers of biodiversity loss (climate change) (see **Policies section of the Climate change chapter**).

Heidelberg Materials acknowledges that extraction activities have a direct impact on local biodiversity and ecosystems, which can lead to social consequences. These activities primarily alter natural landscapes, but emissions also contribute to environmental change. The company's operations affect soil quality and the surrounding landscape, potentially influencing the habitability of certain areas, leading to competition for resources, and disrupting certain species. Changes in biodiversity may also promote the spread of invasive alien species, which can accelerate the transmission and spread of diseases. However, restored areas – particularly those with high biodiversity value – offer significant benefits, serving as vital recreational spaces, enhancing environmental education, and fostering public acceptance and well-being. Depending on the type of restoration, these areas can also play a crucial role in flood protection, or support food production through agricultural use.

Our Biodiversity Policy and Responsible Land Use Policy emphasise engagement with local stakeholders to identify biodiversity impacts and implement conservation measures in collaboration with surrounding communities. A key initiative in this effort is the Quarry Life Award, which promotes scientific research and encourages community participation in nature conservation. Through this initiative, we strengthen partnerships with nature conservation organisations, local authorities, and site communities, fostering greater public awareness of environmental protection. By actively involving local stakeholders, we can effectively mitigate the social consequences of our impact on biodiversity and ecosystems, while working together to develop targeted solutions.

Actions

The extraction of raw materials inevitably impacts nature, reshaping landscapes and natural habitats. At Heidelberg Materials, we are fully aware of our environmental footprint and the obligation it entails to conduct our operations in a sustainable and environmentally responsible manner. Our biodiversity protection and enhancement measures at quarries align with our climate protection targets, as healthy ecosystems serve as natural carbon sinks and enhance species' resilience to climate change. These measures specifically apply to our own quarries within the upstream value chain and our own operations. We are dedicated to maintaining these initiatives for the long term.

Environmental impact assessments

First of all, our quarries undergo a comprehensive environmental impact assessment. This takes place before the first groundbreaking and is part of the application for approval. To ensure full compliance, we adhere to all applicable local laws and regulations, conducting environmental impact assessments (EIAs) as required. In the USA, environmental impact studies are typically mandated by government agencies, with requirements varying based on a project's scale and potential impact. New quarry developments generally require a full environmental impact study, while quarry expansions may not. In such cases, regulatory authorities may instead require other assessments, such as traffic impact studies or critical area reports. In the EU, the Environmental Impact Assessment Directive (2011/92/EU, as amended by 2014/52/EU) has been transposed into national legislation (e.g. the UVPG in Germany). The environmental impact assessment is conducted by accredited external environmental experts who evaluate both the direct and indirect significant effects of extraction operations and site expansions. The assessment considers a broad spectrum of environmental factors, including biodiversity, water, land use, soil, air quality, population and human health, climate, landscape, assets, and cultural heritage.

Analysis of our impact on areas of high biodiversity value

Since over a decade, we systematically assess and analyse biodiversity data at our quarries in collaboration with BirdLife International. Every three years, third-party studies are conducted at these sites. To identify locations within one kilometre of biodiversity-sensitive areas, we use data from the Integrated Biodiversity Assessment Tool (IBAT). As part of our impact assessment on high-biodiversity areas, all sites are evaluated using the Species Threat Abatement and Restoration (STAR) metric. This standardised tool quantifies how targeted nature conservation actions can reduce species extinction risks. The STAR metric provides two key indicators: STAR-r (restoration potential) and STAR-t (reduction of threat). This can be used for specific measures to contribute to the global goal of nature positive. Applying the STAR metric helps us identify the impact of our operations on biodiversity and ecosystems and take appropriate mitigation measures.

Biodiversity management plans

Our biodiversity management plans provide an overview of the relationship between operational zones at our quarries and biodiversity-sensitive areas. These plans include predefined mitigation measures that vary by season (e.g. different measures for winter and summer) to minimise negative impacts on surrounding habitats and ecosystems. They also incorporate measures to monitor and control invasive alien species.

At Heidelberg Materials, we are committed to following the mitigation hierarchy, systematically taking steps to avoid, minimise, and offset negative impacts on biodiversity. The necessary measures include evaluations and responsible land management, and contribute to compliance with the requirements of the Responsible Land Use Policy. Before initiating new extraction activities or expanding an existing site, and in order to obtain the necessary mining concession, we conduct a comprehensive environmental impact assessment to evaluate potential effects on biodiversity and the broader environment. The findings from these assessments help define site-specific mitigation actions, which are then integrated into our biodiversity management plans. The plans include input from ecologists and other scientific experts, as well as stakeholders. The key objectives of biodiversity management plans are the gradual restoration of operational areas, the reduction of disturbance or loss of habitats, and the sustainable use of land resources. By implementing these measures, we ensure access to land for sustainable development, and promote biodiversity conservation and enhancement.

To uphold best practices, we commit to implementing biodiversity management plans at all sites within one kilometre of areas recognised for their high biodiversity value. We produce annual reports on the status of these plans.

Restoration plans for quarries

Restoration planning is an integral part of both quarry development and operational planning, ensuring that environmental and social factors are carefully considered. Heidelberg Materials works closely with local stakeholders and authorities to develop subsequent use strategies. These plans aim to accurately identify restoration obligations and development needs, facilitating a structured transition towards a defined subsequent use of the quarry while progressively integrating restoration measures into ongoing operations. Each restoration plan outlines the intended subsequent use and objectives, such as habitat creation or species establishment, in alignment with agreements made internally and with local stakeholders. These plans are published as part of the approval processes – including initial approvals for new quarries and amendments for existing operations – and include an overview of anticipated restoration costs. The objective is to restore affected areas for their subsequent use as quickly as possible after extraction, ensuring that the final condition is at least as good or better than before commencement of the extraction activities. The responsibility for developing and approving restoration plans is defined at both site and national levels and may involve teams from environmental management, quarry operations, production, and other relevant operational departments. Restoration plans are mandatory for all active and inactive extraction sites operated by Heidelberg Materials. As part of monitoring, annual restoration activities and their impact on habitats and ecosystems are reported to the Group in numerous countries. This includes data on habitat types affected and the size (surface area) of each restored ecosystem. An example of Heidelberg Materials' commitment to nature-based solutions is the creation of wetland systems within quarries, such as reed ponds, which support natural water filtration and rainwater retention. Nature-based solutions like these contribute to the restoration of natural landscapes and, in some cases, incorporate indigenous and historical knowledge and records. Such records can be used for research into the native habitats and species that thrived in these landscapes before modern human intervention.

Quarry Life Award

As a unique initiative in the building materials industry, the Quarry Life Award is an integral part of Heidelberg Materials' commitment to biodiversity. The research and education competition supports our approach to innovative biodiversity management, promotes research, and engages stakeholders around the world. Heidelberg Materials calls for Quarry Life Award applications every three years, at both national and international level, to improve both scientific knowledge and public awareness of the biodiversity value of quarries and gravel pits during and after extraction.

Our aim is to promote the evaluation of the quarries' environmental value and support the development of new methods that benefit scientists, government authorities, and our company as well as nature. Insights gained from individual projects enable Heidelberg Materials to establish best practices for the management of individual quarries.

After a successful competition round of the fifth edition of the Quarry Life Award in 2022, a select number of projects were implemented in 2023. Projects ranged from establishing habitat assessment programmes for amphibians in Australia and reptiles in the United Kingdom to involvement in environmental education in communities neighbouring quarries in Germany and France. The sixth round of the Quarry Life Award was launched in June 2024.

Community projects (for example the Talbotiella gentii tree in Ghana)

As part of our partnership with BirdLife International, we work with NGOs such as the IUCN on projects and initiatives ranging from education to nature conservation, all aimed at promoting the well-being of local communities. In Ghana, deforestation caused by wildfires, agriculture, and charcoal production has pushed the critically endangered Talbotiella gentii tree, which is endemic to Ghana, to the brink of extinction. To combat this, Heidelberg Materials' local subsidiary, in collaboration with the Ghana Wildlife Society (a BirdLife partner), is supporting scientific research on reforestation efforts. More than 4,000 seedlings have been cultivated in our on-site tree nursery and planted on experimental plots in surrounding forests. Securing the long-term survival of this species requires active collaboration with local communities and farmers. The socio-economic aspects of Talbotiella gentii were the focus of a Quarry Life Award project.

Targets and metrics

We are dedicated to the Global Goal for Nature, and strive to contribute to a nature positive future. Nature positive means not only halting biodiversity loss but actively reversing it to achieve a global net gain for the planet, allowing ecosystems to recover. Through our **Sustainability Commitments 2030**, we support the United Nations Sustainable Development Goals (SDGs), focusing on areas where we can make a meaningful impact. Our biodiversity and ecosystem efforts are particularly aligned with SDG 15 (Life on land). Across our quarries and gravel pits, we implement sustainable extraction methods alongside restoration and renaturation measures to enhance biodiversity and minimise negative impacts.

Our approach follows the principles of the Kunming-Montreal Global Biodiversity Framework, with annual progress reporting on Heidelberg Materials' restoration efforts. Additionally, our commitments align with the EU Biodiversity Strategy for 2030, which aims to halt biodiversity loss and ecosystem degradation. We actively apply the mitigation hierarchy, and are committed to the protection of species, habitats, and ecosystems through impact reduction and the implementation of biodiversity management plans. By creating space for nature, we help sustain populations of species throughout our operations while ensuring that all our quarries have comprehensive restoration plans that contribute to the long-term restoration of ecosystems.

In setting site-specific nature targets for both the operational and restoration phases, we actively consider the needs of local communities, including indigenous peoples, and engage stakeholders through planning consultations. In the setting of these targets, environmental thresholds were not applied, and biodiversity offset areas were not considered.

Our targets focus on our own quarries within the upstream value chain and our own operations. All targets have been established internally in close cooperation with relevant company departments.

15% Space for nature in all active quarries by 2030

Quarry lifespans can range from 15 to over 100 years, and natural ecosystems can begin to establish themselves within as little as one to two years. As part of our **Sustainability Commitments 2030**, we have pledged to set aside and maintain dedicated Space for Nature within all our active quarries by 2030. We understand this to comprise natural habitats within the boundaries of our quarries which fulfill the three basic needs of species: access to water/food sources, protection, and reproductive opportunities. Areas which are dominated by invasive alien species do not contribute to Space for Nature. This means that at least 15% of each site's total land area will be preserved for biodiversity (area designated as Space for Nature divided by the total area of the site). These designated areas lie within the licensed boundaries of our sites and will contribute to the implementation of our Biodiversity Policy.

By integrating Space for Nature within our operational sites, we aim to prevent the displacement of species throughout the extraction phase. Our objective is to reduce land-use intensity, allowing ecosystems to coexist alongside our active operations. This target aligns with the "Mitigation" level of the mitigation hierarchy.

Restoration plans for 100% of quarries by 2030

We have pledged to ensure that all our extraction sites have comprehensive restoration plans in place by 2030. This target is designed to mitigate environmental impacts, enhance biodiversity, and support species on the Red List (Annex 1 of Conservation Directives), directly contributing to the implementation of our Biodiversity Policy. Whenever possible, we will implement restoration measures to establish priority habitats for species of conservation concern. We also plan to integrate recommendations for the promotion of biodiversity into every new restoration plan, irrespective of the subsequent use. We report annually on the proportion of restoration plans developed. This target aligns with the "Restoration" level of the mitigation hierarchy.

Biodiversity management plans for 100% of quarries near biodiversity-sensitive areas by 2025

Heidelberg Materials has also pledged to implement biodiversity management plans at all active quarries within one kilometre of recognised biodiversity-sensitive areas by 2025, with the number of biodiversity-sensitive plans reported annually. This target aligns with the "Reduction" level of the mitigation hierarchy.

Biodiversity management plans for 100% of non-extraction sites near biodiversity-sensitive areas by 2030

Heidelberg Materials has pledged to implement biodiversity management plans at 100% of non-extraction sites located within one kilometre of a recognised biodiversity-sensitive area, many of which are in or near industrial and urban areas, by 2030. Non-extraction sites requiring a biodiversity management plan may include ready-mixed concrete and asphalt plants, aggregate processing plants, production facilities, recycling facilities and other production and processing facilities. Since biodiversity at many of these locations is generally already low, the primary objective of these biodiversity management plans is to mitigate all potential environmental impacts beyond the designated site boundaries. Starting in 2025, we will report annually on the number of non-extraction production sites with biodiversity management plans in place. This target aligns with the "Reduction" level of the mitigation hierarchy.

In the financial year, we systematically collected data for the first time on the proportion of active extraction sites with at least 15% Space for Nature. The findings revealed that 75% of these sites have dedicated at least 15% of their total land area to nature.

The share of quarries near high-biodiversity areas with an established biodiversity management plan increased to 73% in 2024 (previous year: 61%). This progress was particularly notable in France, where a substantial number of new biodiversity management plans were implemented. Meanwhile, the proportion of quarries with restoration plans remained stable at 76%.

Biodiversity

	2023	2024	Unit
Share of active quarries with 15% space for nature[1]	–	75	%
Proportion of quarries sites located near an area of high biodiversity value with biodiversity management plan	61	73	%
Proportion of quarries with a restoration plan	76	76	%

1) Figures were collected for the first time in 2024.

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Impacts, risks, and opportunities

Circular economy

Impact materiality

Negative impacts

Positive impacts

Financial materiality

Risks

Opportunities

Resource inflows, including resource use
Acquisition of new customers and entrance into new markets with products that enable conservation of materials or reduce the need for primary resources
Opportunity up own down

Resource inflows, including resource use
Recycling and alternative fuels reduce the need for primary raw materials. This increases resource efficiency and reduces environmental impacts associated with raw material extraction.
● + up own down

Resource inflows, including resource use
The lack of circular value chains keeps resource efficiency low and can hinder positive developments for resource use and the environment.
● – up own down

Company-specific topic: Creation of circular systems, including initiatives across value chains
Promoting the circular economy along the value chain, especially the recycling of building materials and the recyclability of our products
● + up own down

Waste
Environmental impacts caused by waste generation along the value chain
● – up own down

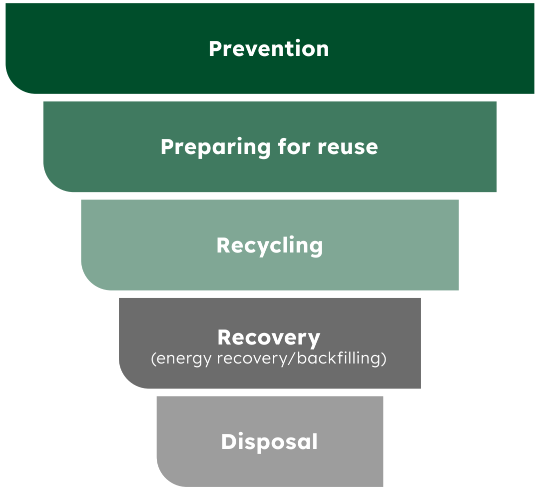
Waste
Reducing waste generation and landfill waste through recycling of mineral waste (e.g. concrete, asphalt) and energetic recovery (non-recyclable waste)
● + up own down

Policies

As a company, we are committed to promoting responsible waste management practices and adhering to the waste hierarchy. Our aim is to prevent and reduce waste generation through efficient processes and promote waste reduction strategies. In the case of unavoidable waste, we focus on reuse and recycling of materials. Particular attention is paid to the safe and appropriate handling of waste, especially hazardous waste. Co-processing (simultaneous energetic and physical recovery) of alternative fuels and biomass in our cement kilns allows us to not only recover waste safely but also extract energy, thereby reducing the use of primary energy sources. Furthermore, the mineral components of these materials contribute to lower demand for primary mineral raw materials. Non-recyclable waste which is not suitable for co-processing is disposed of following legal requirements.

In addition, we strive to identify opportunities to convert waste into valuable resources. Especially relevant is the recycling of concrete: through “advanced recycling” we can achieve the highest product quality for all material groups produced by this mechanical processing, for example at one of our plants in Poland. In cooperation with other industries, synergies are also created which we can use in recycling. In this way, other waste streams are also used in our products, such as glass waste in concrete and used tyres in asphalt. In accordance with the EU Waste Framework Directive, the waste hierarchy is divided into five levels and outlines the priorities for waste management and waste legislation in the EU Member States.

Waste hierarchy in accordance with the EU Waste Framework Directive



The following policies fall under the responsibility of our Chief Sustainability and New Technologies Officer (CSO).

Alternative Fuels and Raw Materials Policy

The Alternative Fuels and Raw Materials Policy focuses on the utilisation of by-products from other industries or waste as alternative fuels in clinker and cement production to replace natural resources and fossil fuels. To do this, the high temperatures required for clinker production must be maintained. The policy describes our commitment to reducing the consumption of fossil fuels and natural raw materials by using waste for energetic and material recovery. The policy addresses resource inflows and waste, and considers the waste hierarchy levels “recycling” and “recovery”. For co-processing we focus on waste that is not recyclable and would otherwise have to be incinerated and disposed. Processing in the clinker kiln at temperatures of over 1,400°C over a longer period ensure pretreated waste is safely thermally decomposed. In this way, we not only reduce the need for waste treatment and disposal in waste incineration plants, but also contribute to the circular economy and environmental protection, because incineration in clinker kilns is residue-free: hazardous organic substances and pathogens are destroyed entirely. The use of these alternative fuels in cement production is subject to strict emission standards to ensure environmental sustainability. Incinerating alternative fuels and raw materials in clinker kilns also incorporates mineral ash as a raw material into the clinker (recycling), which reduces the need for primary mineral raw materials.

The Alternative Fuels and Raw Materials Policy addresses the impact and opportunity regarding the material topic resource inflows, including resource use, and is outlined in the **Policies section of the Climate change chapter**.

Circularity Policy

The Circularity Policy provides guidelines for the use of materials and product composition. We define products as circular if they contribute either to a reduction in material inputs or to the recycling of materials. In both cases, the internally defined threshold of 30% determines whether a product is circular compared to a standard product. Furthermore, it defines the company’s overall goals for promoting circular economy, including resource conservation and minimising its ecological footprint. We also aim to further reduce our CO_2 emissions by improving our material cycle. These ambitions are reflected in our commitment to expand our portfolio of circular products and provide circular alternatives to standard concrete products. Through our focus on the conservation of primary raw materials, we can extend the lifespan of our natural raw material reserves and resources and contribute to their protection. The policy addresses the impacts and opportunity regarding the material topics resource inflows, including resource use, and the creation of circular systems, including initiatives across value chains and waste. Compliance is ensured through monitoring processes using analyses, goalsetting, and reporting.

The scope of the policy covers Heidelberg Materials AG and all directly or indirectly controlled companies within its own operations.

The principles of the Ellen MacArthur Foundation[1] for promoting circular economy are incorporated in the further development of our strategy. These principles aim to extend the lifecycle of products and resources for as long as possible. Other frameworks, such as the European Green Deal, the EU Circular Economy Action Plan, and the EU Waste Framework Directive were used for the initial planning of our activities

1) NGO which develops official frameworks.

regarding circular economy and continue to be used in further planning.

Dialogue with political decision-makers, associations, communities, industry-specific business partners, and other stakeholders at Group and country level ensured that the interests of the most important stakeholders were considered during policy definition.

Climate Policy

The Climate Policy aims to commit all companies directly or indirectly controlled by Heidelberg Materials AG to climate protection. To do this, we focus on sustainable products and the successful implementation of circular economy among other actions. The policy outlines our commitment to tackling climate change and represents our holistic approach along the entire waste hierarchy, whereby we systematically integrate the principles of circular economy into our processes, from waste prevention and recycling to proper disposal. The policy addresses the opportunity regarding the material topic resource inflows, including resource use, as well as the impact regarding recycling of construction materials and the use of alternative fuels. Further information on the policy can be found in the **Policies section of the Climate change chapter**.

Heidelberg Materials produces construction materials that are based on non-renewable primary resources which cannot be substituted with renewable raw materials. For this reason, our focus is primarily on conserving natural resources, which can essentially be achieved through enhanced circular economy.

Actions

Increasing the circularity of our products is a key aspect of Heidelberg Materials' sustainability strategy, especially given the growing demand for housing and infrastructure, coupled with the limited availability of raw materials.

As a fully recyclable material, concrete offers the building materials industry significant potential in contributing to the circular economy. Heidelberg Materials is committed to resource efficiency, the co-processing of waste products, and the recycling of concrete to contribute to the circular economy. We have recycling operations in several countries and develop circular products. As our experience in this business line expands, we are constantly improving to meet the challenges posed by the circular economy, which include ensuring product quality through high-quality recycling to ensure the highest degree of purity of the individual components, and optimising infrastructure and logistics to ensure our efforts to strengthen the circular economy are aligned with our decarbonisation efforts.

Since the proportion of recycled material in products is dependent on regional implementation of circular economy and the corresponding rules and regulations, there are significant differences in implementation feasibility across Group countries. Heidelberg Materials therefore works closely with the Group countries to identify and promote the best possible options in each case. Economic factors related to the local market situation are very important in this regard: both recycled materials and market demand are necessary to promote recycling while keeping CO_2 emissions caused by transport to a minimum. Thus, circular economy can often be best promoted in urban areas.

The strategic integration of the value chain is achieved through targeted partnerships and acquisitions to actively promote circular economy in the construction sector. In the upstream value chain, long-term partnerships have been established with industrial production companies, particularly within the steel and iron industry, enabling production waste to be systematically utilised as alternative raw materials in cement production. By integrating recycling companies into the corporate structure, we are able to utilise their existing partnerships with demolition companies to ensure a steady material supply and simultaneously incorporate established sales channels for sustainable building products, such as through the acquisitions of the recycling companies Mick George and the B&A Group in the United Kingdom (see the **Group areas in the Europe section of the Business trend chapter**). Optimisation of the downstream value chain remains a key challenge and is addressed through systematic customer involvement and structured stakeholder dialogue (see **Consumers and end-users chapter**).

Unless otherwise stated, the measures described below relate to the company's own operations and are intended to be continually implemented and further developed in the future.

Sustainable product design including research and development of 3D-concrete printing

The conservation of materials following circular design principles can be achieved through digital construction methods, such as 3D-concrete printing. Reductions in material use can also be achieved through avoidance of elaborate designs in precast concrete parts and through development of special concretes for lightweight and slim designs or renovation purposes. Product development at Heidelberg Materials therefore focuses on the development of concrete mixtures with reduced clinker content and higher recycled materials content, research on alternative binders with higher recycled content, durability (high-performance concretes) and conservation of materials. Material consumption can be reduced by at least 30% when using special high-performance concretes, which require less total material due to their higher load-bearing capacity, 3D-concrete printing, or the production of hollow-core precast concrete elements. In addition to potential conservation of materials, 3D-concrete printing also enables reductions in construction waste, since only the amount of concrete needed for the particular project is produced. The Group's Research and Development department has developed various new product formulas for mortars suitable for 3D-concrete printing. Heidelberg Materials allows partner companies to produce these mortars at various locations and in diverse countries to minimise costs as well as delivery distances, thereby optimizing the production and sale process to also reduce the related carbon footprint. Technical approvals, such as the "Zustimmung im Einzelfall" (approval in individual cases) required in Germany, are obtained on a project-specific basis in accordance with the requirements of the federal states. The same applies to countries such as Italy, the Netherlands, France, and the USA. In addition to the company's own operations, the measures also apply to the downstream value chain.

Commitment to promoting circular economy

Heidelberg Materials is committed to revising norms and regulations, as recycled content must comply with local regulations and standards. In this way, we can strive to further increase the recycled content in our products to replace as much primary raw material content as possible with secondary raw materials and enhance our contribution to the circular economy. We place emphasis on our circular products as a topic of discussion during our association activities to achieve standardisation, certification, as well as general acceptance. Through our engagement in various initiatives and associations, we want to promote and accelerate developments in sustainable construction and market transformation to meet our own climate goals, the climate goals of our customers, as well as pursue emerging market opportunities. For example, Heidelberg Materials supported the European Committee for Standardisation in the creation of a new cement standard that allows the use of recycled concrete components. The new, unanimously adopted European cement standard EN 197-6, was published in mid-2023 after a 16-month processing period. This standard defines new types of cement that can contain up to 35% by weight of recycled concrete powder as the main cement constituent. This recycled concrete powder comes from plants that produce coarse, fine, or fully recycled aggregates for concrete. Preparatory work is currently being conducted to determine whether and under what conditions other construction and demolition site waste would provide suitable materials. Heidelberg Materials is also involved in a research advisory board and in the preparation of a study aimed at expanding the DAfStb guideline “Beton nach DIN EN 206-1 und DIN 1045-2 mit rezyklierten Gesteinskörnungen nach DIN EN 12620” (Concrete according to DIN EN 206-1 and DIN 1045-2 with recycled aggregates according to DIN EN 12620) to include recycled sand.

ESG process product qualification for evoBuild

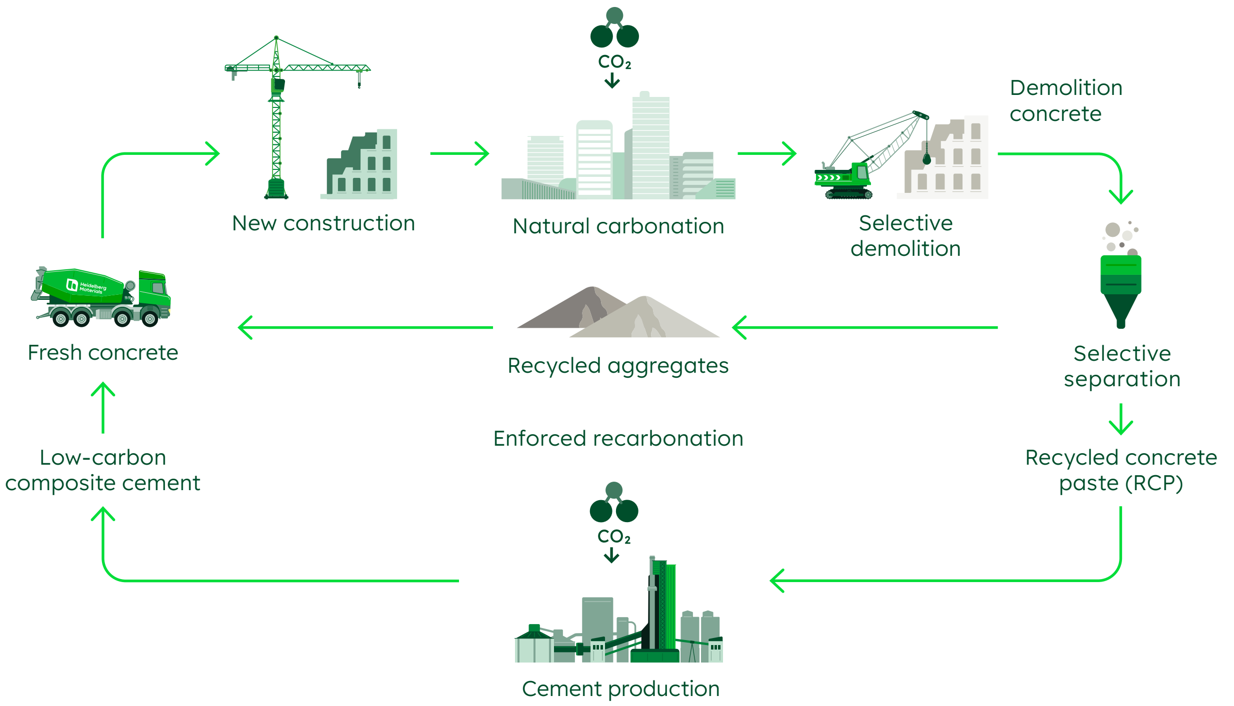
The evoBuild product portfolio, which contains all our sustainable products, is a key component in the company’s sustainability strategy and defines global standardised strict criteria for the classification of sustainable products. Each product within the evoBuild portfolio must meet specific requirements to be classified as a sustainable or circular product (see **Targets and metrics section**).

The evoBuild brand spans all global activities in the company’s own operations as well as in the company’s downstream value chain, ensuring a standardised approach to business operations and promoting transparency for customers and stakeholders. The process applies to the cement, ready-mixed concrete, and aggregates business lines as well as to precast concrete parts. Group countries such as the Czechia, Spain, Malaysia, Romania, France, Belgium, the Netherlands, and Poland rolled out the evoBuild brand in 2024. Further Group countries will gradually integrate their sustainable products into the evoBuild portfolio.

Recovery of concrete components

During the reporting year, Heidelberg Materials continued to work on innovative methods for recovering and reusing demolition concrete to drive the production of sustainable products. Our company promotes the scale-up of circular economy through investments such as in the cleantech start-up EnviCore. This start-up has developed advanced proprietary technology that processes construction and demolition waste into supplementary cementitious materials (SCMs) using a dry thermochemical process. SCMs can be used to replace part of the CO_2-intensive clinker in cement or concrete.

Transforming demolition material into a raw material source



In recent years, Heidelberg Materials has increasingly expanded its activities in the recycling business. Our innovative ReConcrete concept can be seen as an expansion of conventional recycling: demolition concrete is first crushed and almost perfectly sorted into its components (selective separation). In addition to sand and gravel, hardened cement paste is also reclaimed. The latter can be reused as a valuable low-carbon raw material in clinker and cement production, replacing natural limestone. With ReConcrete, we have been able to demonstrate at pilot scale that concrete can be fully recycled with maintained quality through selective processing of its individual components. ReConcrete’s selective separation process has been used at our cement plant in Katowice, Poland since Spring 2024. The state-of-the-art facility features a proprietary crushing process that enables demolition concrete to be completely recycled through separation and sorting, thus replacing primary raw materials in concrete production. With a capacity of up to 100 tonnes of demolition concrete per hour, Heidelberg Materials is one of the pioneering companies in the industry to introduce selective concrete separation at this scale.

In addition, the extracted hardened cement paste can absorb and permanently bind CO_2, thus acting as a carbon sink. To harness the full CO_2 uptake potential, we are currently building a pilot plant near the new recycling plant in Katowice to test this process. The hardened cement paste reclaimed by selective separation is exposed to flue gas from cement production. Due to the resulting “forced carbonation”, the hardened cement paste can act as a carbon sink. This enables development of sustainable products that are both circular (from recycled demolition concrete) and have significantly reduced CO_2 emissions. In addition to the company’s own operations, the actions also apply to the upstream value chain.

Active waste management

In the reporting year, Heidelberg Materials continued its long-standing practices in active waste management to minimise environmental impacts while optimising resources and costs. The main objective is to avoid and minimise production waste. For example, we can often use kiln dust from clinker production as an alternative raw material in cement production or in the production of special concretes. Excess concrete, due to for example reduced concrete use at the construction site, can be reused or recycled at many plants – either as fresh concrete, in the form of construction elements, or by crushing and recycling the hardened concrete. Our digital solutions such as the OnSite app assist our customers in avoiding overproduction by enabling them to optimise their material planning and ordering (see **Actions section of Consumers and end-users chapter**).

Systematic on-site waste management ensures the separation and proper treatment of the different components in designated areas. In the expansion of our recycling activities, we are increasingly able to process previously unusable waste streams, such as excavated earth, track ballast, and old concrete. On delivery of the materials, visual checks of the material and written documentation are conducted (e.g. waste consignment notes, waste codes). To ensure product quality, contaminants (e.g. scrap metal) and light fractions (e.g. wood and fluff) are removed through mechanical processing. In case of accidents, these are recorded immediately and processed according to defined escalation routines.

We are also advocates of regional alternative fuels and thus promote the energetic recovery of waste. Import of waste-based alternative fuels are only considered if local alternative fuels are not available in the right quality or quantity. In the 2024 financial year, the procurement of alternative fuels was promoted in Canada, Morocco, and Indonesia. At our plant in Grobogan, Indonesia, a new task system is expected to go into operation mid-2025, which will help increase the use of alternative fuels to around 50% and contribute to CO_2 emission reductions. In addition to co-processing, we also have heat recovery systems in countries such as Egypt, Morocco, and India. These systems are used to generate electricity from heat waste in cement production.

Heidelberg Materials has identified its recycling business line and promotion of circular economy as a driving force with synergy effects for its core business. Recycling is an integral part of our strategic portfolio management. In recent years, several acquisitions have integrated building materials recycling into our business model. By acquiring recycling companies, input streams of recycled materials can be secured, and experience can be gained to allow for organic growth in this field. In the USA, we further expanded our recycling activities during the 2024 financial year with acquisitions such as those of Highway Materials Inc. (asphalt recycling, etc.) and of Carver Sand & Gravel (mainly aggregates). In the UK, we acquired the B&A Group – a company specialised in the supply of recycled and primary aggregates as well as site clearance, excavation, land remediation, and sustainable land regeneration.

In the 2024 financial year, we incurred capital expenditure (CapEx) of € 113.3 million (previous year: 55.2) and operating expenditure (OpEx) of € 17.3 million (previous year: 9.4) in the recycling business line.

Targets and metrics

Circular economy and circularity are closely linked to our CO_2 emissions reduction strategy and our evoBuild portfolio of sustainable products. All relevant internal departments were involved in defining the following voluntary targets. The targets are not based on scientific evidence and environmental thresholds have not been applied.

Generating half of our Group revenue from sustainable products which are either low-carbon or circular

By 2030, we aim to generate half of our Group revenue from sustainable products which are either low-carbon or circular. With our circular and low-carbon products we can conserve primary resources and meet future increasing customer demand for sustainable building materials. This target relates to Level 3 “Recycling” of the waste hierarchy and is driven by the recycled content in our sustainable products. Waste-based alternative fuels, alternative raw materials, and cementitious materials are available through the cement business line. Recycled aggregates are made available from the sand and gravel business line, recycled asphalt pavements from the asphalt business line, and returned excess concrete from the concrete business line. The target focuses on increasing the circular material utilisation rate and minimising the use of primary raw materials through a higher recycled content in products. The target is therefore aligned with SDG 9 (Building resilient infrastructure, promoting and supporting inclusive and sustainable industrialisation and innovation) and SDG 12 (“Sustainable consumption and production patterns”).

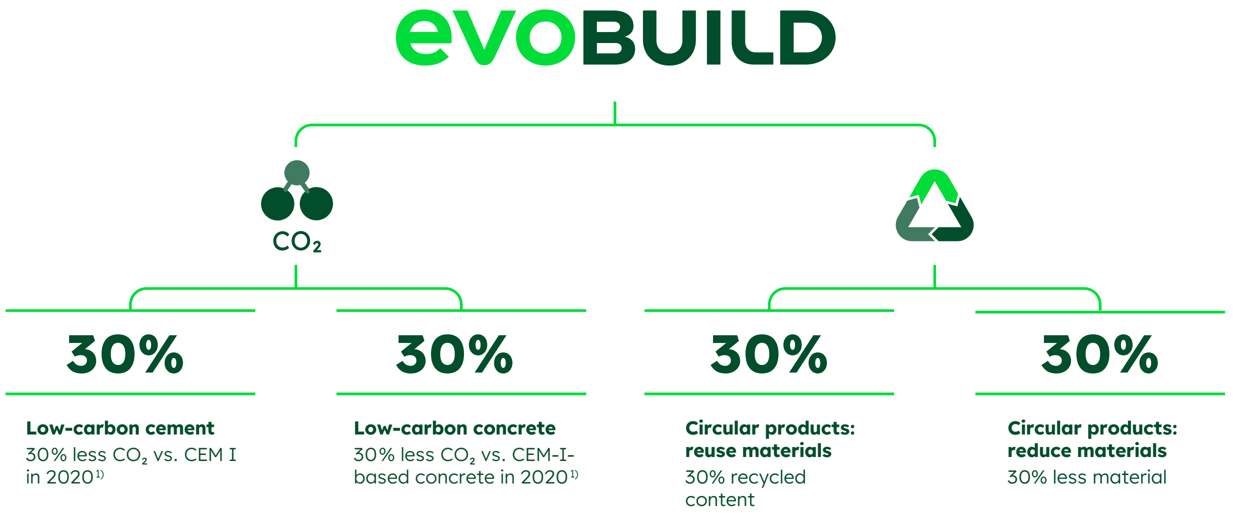
To market these products, we have launched our evoBuild brand for sustainable products. To qualify as a sustainable product, low-carbon products must comply with a CO_2 emission threshold. The cement reference has been derived from data from the Global Cement and Concrete Association (GCCA) on direct clinker emissions in 2020, amounting to 788.15 kg CO_2/t cement. The concrete reference is based on a cement content of 300 kg CEM I in a C25/30 reference mixture (30 MPa per 150 mm * 150 mm cube), amounting to 7.88 kg CO_2/(m^3 * MPa). Low-carbon products must be at least 30% below the emission reference value. The resulting threshold value is 552 kg CO_2/t for sustainable cement products and 5.5 kg CO_2/(m^3 * MPa) for sustainable concrete products.

To qualify as circular, products need to contain at least 30% recycled content for evoBuild branding. This means that at least 30% of the volume of circular aggregate mixtures must consist of recycled material. At least 30% of the volume of the concrete formulation of circular concretes must consist of recycled aggregates. And evoBuild products are either low-carbon or circular or a combination of both. A product can be classified as an evoBuild product if it meets at least one of two criteria: a CO_2 reduction of at least 30% or a recycled content of at least 30%. If one of the criteria reaches the threshold of 30%, the other criterion may be lower. For example, concrete that has a CO_2 reduction of 30% as well as a recycled content of 10% can be labelled as an evoBuild product, with its performance according to both criteria being transparent. And this point is very important, because many countries do not allow a recycled content of 30% due to product norms and standards.

The target applies to Heidelberg Materials' own operations in the cement, aggregates, and ready-mixed concrete-asphalt business lines. The baseline value from 2020 was around 23%[2].

2) The baseline value from the base year 2020 is not included in the voluntary external audit to obtain limited assurance.

Criteria for sustainable products



1) evoBuild requires a CO_2 reduction of at least 30% compared to the global reference values of the Global Cement and Concrete Association (GCCA) for CEM I from 2020. This translates to threshold values of ≤552 kg CO_2/t for cementitious material and ≤5.5 kg CO_2/m^3/MPa for ready-mixed concrete.

As described above, the share of revenue from sustainable products comprises the cement, aggregates, ready-mixed concrete, and asphalt business lines. The share of revenue generated by sustainable products increased to 34.5% in the 2024 financial year (previous year: 32.6, reported: 35.4). The cement business line's share of revenue from sustainable products rose to 43.3% in the reporting year (previous year: 39.5). The increases are mainly attributable to higher revenue from sustainable cements, which was achieved by means of adjustments to our product portfolio in some key markets such as Poland, Germany, and Italy, as well as our increased commitment to the processing of cementitious materials, such as fly ash, in the USA. The growth in revenue from sustainable cements was also enhanced by our continuous investments in emission reduction measures, such as the increased use of secondary biomass as a fuel in clinker production.

Sustainable products and solutions

	2023	2024	Unit
Share of revenue from sustainable products[1) 2) 3) 4)]	32.6	34.5	%
Share of revenue from sustainable procucts of cement business line[2)]	39.5	43.3	%

1) Refers to the cement (cementitious material), aggregates (in North America, Australia, and Great Britain), ready-mixed concrete and asphalt business lines.
2) Revenue that we allocate to our sustainable products are not aligned with the definitions of the EU Taxonomy Regulation.
3) The system does not yet record all relevant revenue for this figure at product level. We are working on continuously improving data collection over the next few years. The revenue shares shown here therefore only refer to the revenue that has already been measured (more than 80% of total revenue).
4) Due to a change in the methodology for calculating sustainable revenues for the Aggregates business unit, the consolidated figures for 2023 have been adjusted.

Increasing the proportion of alternative fuels to 45% and increasing the proportion of biomass in the fuel mix to 20% by 2030

Increasing the proportion of alternative fuels in the fuel mix will not only reduce dependence on fossil fuels, but also promote circular economy in the production of sustainable products. The use of alternative fuels reduces the amount of waste that ends up in landfill sites and also reduces CO_2 emissions in cement production compared to fossil fuels. The target description and the development of the metric are therefore included in the **Targets and metrics section of the Climate change chapter**. In addition, many alternative fuels are made from recycled materials or waste products from other industries. Their energetic recovery contributes to a closed-loop circular economy. The targets therefore relate to Level 4 "Recovery" of the waste hierarchy.

Resource inflow metrics

As described above, we strive to strengthen circular economy in all business lines.

For the 2024 financial year, we allowed the figures relating to the use of alternative and recycled materials across all business lines to be audited for the first time. The calculation of the weight of reused materials varies by business line.

For the cement business line, quantities are recorded using the technical reporting system and the classification of alternative materials based on actual data. The list of categorised materials for clinker and cement production forms the basis for calculating total weight. The sum of these weights is divided by the total weight of all raw materials and fuels to determine the percentage of use. In 2024, the share was 8.9%.

For the aggregates business line, reporting is based on the internal financial reporting, which records the actual total weight of recycled aggregates produced. The proportion of recycled aggregates is calculated using the ratio of the weight of recycled aggregate production to total aggregate production. The total weight of recycled aggregates produced for the 2024 financial year was 4.7 million tonnes, corresponding to a share of 1.7%.

For the ready-mixed concrete business line, the “recycled” concrete is used as a substitute for calculating the total weight of recycled materials used in the production process, as the material is usually recycled directly to produce new concrete. The data is collected using an estimate. The proportion of recycled material is estimated as the ratio of the total recycled concrete used to total ready-mixed concrete production based on a global sample and stands at 1.5% for the 2024 financial year.

In the asphalt business line, the consumption of recycled asphalt pavement is recorded and tracked via the technical reporting system. For plants using the system, the recorded weight of recycled asphalt pavement is added to calculate the total weight of recycled materials used. For plants that do not work with this system, the consumption of recycled asphalt pavement is assumed to be zero. In total, we achieved a recycling share of 12.5% in the 2024 financial year.

The sum of the total recycled materials is then aggregated and divided by the total production quantities to derive the Group totals. It amounts to 28.2 million tonnes. The share of reused and recycled products for the entire Group was thus 4.6% in 2024. As shown below, this includes the relevant secondary raw materials for the respective business lines. Internally produced materials that are returned to the production process are excluded from the calculation.

Resource inflows[1)]

	2023	2024	Unit
Percentage of secondary reused or recycled components, business line cement	–	8.9	%
Weight of secondary reused or recycled components in the business line aggregates	4.8	4.7	million t
Percentage of secondary reused or recycled components, business line aggregates	1.7	1.7	%
Percentage of secondary reused or recycled components, business line ready-mixed concrete	–	1.5	%
Percentage of secondary reused or recycled components, business line asphalt	12.7	12.5	%
Weight of secondary reused or recycled components for Heidelberg Materials Group	–	28.2	million t
Percentage of secondary reused or recycled components, Heidelberg Materials Group	–	4.6	%

1) The values are not included in the external voluntary audit to obtain limited assurance. The numbers for the business lines cement and concrete have been collected in this format for the first time in 2024.

Social

Legend

Results of double materiality assessment

Impact materiality

Negative impacts: up, own, down

Positive impacts: up, own, down

Financial materiality

Risks: up, own, down

Opportunities: up, own, down

Impacts, risks, and opportunities

Likelihood:
actual ● potential

IRO category:
positive + negative – **Risk** **Opportunity**

Value chain:
upstream **up** own operations **own** downstream **down**

Legend p. 159

Impacts, risks, and opportunities

Own workforce

Impact materiality

Negative impacts

Positive impacts

Financial materiality

Risks

Opportunities

Working conditions (Health and safety)

Health hazards and risk of accidents due to inconsistent implementation of occupational health and safety measures by individual persons

● – up **own** down

Working conditions (Collective bargaining and Freedom of association)

Ensuring fair working conditions and standards for employees through the use of collective agreements and the involvement of workers' representatives

● + up **own** down

Working conditions (Work-life balance)

Impairment of work-life balance due to shift work, overtime, and irregular working hours

● – up **own** down

Equal treatment and opportunities for all (Training and skills development)

Training programmes for employees support enhancement of skills, competencies and individual development, resulting in higher qualifications and better career opportunities.

● + up **own** down

Equal treatment and opportunities for all (Employment and inclusion of persons with disabilities)

Possible constraints on employment opportunities, especially in production, for persons with disabilities due to partially inaccessible workspaces and occupational safety requirements

◌ – up **own** down

Equal treatment and equal opportunities for all (Gender equality and equal pay for work of equal value, and Diversity)

Potential social conflict, marginalisation of minorities, social instability, unequal pay, and restricted career opportunities due to limited diversity and traditional gender roles

◌ – up **own** down

Equal treatment and opportunities for all (Measures against violence and harassment in the workplace)

Risk of harassment in the workplace due to isolated workspaces, stressful working conditions, and a predominantly male workforce

● – up **own** down

Other work-related rights (Child labour)

Possible constraints on access to education and cause of physical and mental health damage to children

◌ – up **own** down

Other work-related rights (Forced labour)

Possible isolation from the community as well as restriction of fair working conditions through the use of exploitative labour practices in individual countries

◌ – up **own** down

Other work-related rights (Privacy)

The protection of sensitive data, such as information about worldviews or political beliefs, and its inaccessibility to third parties leads to a sense of personal self-determination and security. This allows employees to develop and express themselves in a safe environment.

● + up **own** down

Material impacts and their interaction with strategy and business model

Our employees are an integral part of Heidelberg Materials and make a significant contribution to the company's success. Alongside environmental issues, our sustainability strategy therefore also encompasses social matters such as occupational health and safety, diversity, and inclusion. The **Sustainability Commitments 2030** serve as guiding principles for the Heidelberg Materials sustainability strategy and include the topics diversity, equity, and inclusion as well as occupational health and safety under the Safe & Inclusive heading.

Heidelberg Materials recognises that manufacturing products such as cement and aggregates carries various risks of accident and injury. Given the potential for production activities to therefore impact negatively on occupational health and safety, we have made this topic a key component of our Group strategy and firmly embedded it in our work processes and the leadership of our workforce. We also promote flexible working models and support the psychological health of our employees.

Regular training opportunities should contribute to safe working methods that take account of the skills of each employee. We support the professional development of our employees and have set ourselves the target of increasing the proportion of women in senior management positions.

When adjusting our strategy and opening up new areas of business, the impacts on our workforce are an important factor in our decision-making. By engaging in regular dialogue with our employees – directly or through workers' representatives – we incorporate their perspectives into our Group strategy. We respect our employees' freedom of expression and strive to conclude collective agreements that improve employment conditions.

Heidelberg Materials is committed to upholding the human rights of its employees. In addition to personal self-determination, this also includes equal treatment of all employees, regardless of origin, mental and physical abilities, or political convictions. We do not tolerate child or forced labour.

The potential and actual negative impacts on work-life balance, equal treatment and opportunities, and other work-related rights identified by Heidelberg Materials are characteristic of the building materials sector. In contrast, negative occupational health and safety impacts are always attributable to specific incidents involving individuals.

Positive impacts on working conditions are achieved through collective agreements and other means. Negotiated between employer representatives and workers' representatives, these agreements cover matters such as compensation, working time, co-determination/participation regulations, and holiday entitlements and apply to a large number of our employees. Employees whose employment relationship is governed by the respective collective agreement particularly benefit. We aim to create fair working conditions and standards for our employees.

Training makes a significant contribution towards fostering positive impacts in terms of equal treatment and opportunities for our own workforce and can prevent unequal treatment and inadequate occupational health and safety. Training opportunities for our employees that are tailored to their respective roles and working environments should help improve their skills and competencies and support individual development. As a result, employees should gain higher qualifications and have better career opportunities.

The protection of sensitive data, such as information about worldviews or political beliefs, and its inaccessibility to third parties should enable a sense of personal self-determination and security. This is intended to enable employees to develop and express themselves in a safe environment. Such protection includes the implementation of privacy policies, the use of secure communication channels, and the regular review and updating of IT security measures.

These measures demonstrate Heidelberg Materials' commitment to act responsibly to establish a culture of equal treatment and mutual respect.

Heidelberg Materials is pursuing an ambitious strategy to reduce CO_2 emissions, which is also reflected in the design of work areas and may therefore impact employees directly. Our pioneering role in CCUS in the cement sector is creating new roles and functional areas with correspondingly positive impacts in terms of employee skills development and training. We support our employees' professional development by, among other things, expanding areas of responsibility and providing comprehensive training on new technologies.

Own workforce

The metrics for Heidelberg Materials' own workforce include all directly employed staff, whether full or part time, Managing Directors, trainees, and student trainees. Apprentices and interns are explicitly not included due to their training status. Our employees work in the extraction and processing of quarry materials, the production and distribution of ready-mixed concrete, and asphalt production, among other activities. They perform strategic tasks, work on new technologies, or manage personnel requirements. They are also responsible for cleaning, maintenance, safety, and recycling. Our drivers and vehicle fleet support transport and logistics tasks.

Members of our workforce who are not employed by us include external service providers, such as temporary agency workers and self-employed workers, who are used for short-term projects or outsourced activities due to temporary fluctuations in work demand. They work in various areas such as IT implementation, customer services, electrical engineering, and transport. They are subject to the same strict safety and quality requirements as our own employees.

Here at Heidelberg Materials, it is of great importance to us that we take account of the perspectives of all employees in the company, especially those who are potentially most affected by impacts and/or could be socially marginalised (for example, women, migrants, and people with disabilities). We support various representative bodies and initiatives for this purpose. Central points of contact for affected employees include the representative body for severely disabled employees and the local works council for the Group headquarters in Heidelberg. Furthermore, the Group has employee networks that serve as points of contact for various issues or groups within the workforce (for example, the Network of Women (NOW) and the Allies of NOW). Dialogue with and within the workforce also plays a central role in various event formats. In 2024, for example, panel discussions on the topics of human rights and mental health were held in Heidelberg.

In line with the **Sustainability Commitments 2030**, the FAIR programme – standing for "fairness, awareness, inclusion, respect" – was launched in the United Kingdom. Networks for women and LGBTIQ+ people also fall under this umbrella. The FAIR committee puts together an annual programme, makes recommendations to management, and works with external partners to increase the attractiveness of Heidelberg Materials as an employer for people with disabilities, for example.

Our annual human rights risk analysis is based on, among other things, interviews conducted worldwide with employees, trade union representatives, and managers. The process also engages specifically with people from underrepresented groups to identify potential human rights impacts.

Whistle-blower system

Heidelberg Materials employees can report compliance incidents directly to the company via various channels. One such important channel is the SpeakUp whistle-blower system, which allows reports to be made in writing, online, or by phone, with the option for anonymity.

The complaints procedure is available in all common languages of all Group countries. Reporting persons can choose from 45 languages on the website when submitting a web-based report via our SpeakUp whistle-blower system. There is also an app for this purpose. To submit a report over the phone, the reporting person dials the phone number for the country concerned and can then choose between the national language and English. To make it easier to use the system, posters containing a link for online access, the relevant local phone number, and a QR code are displayed worldwide in the respective national language.

The whistle-blower system can be used to report all types of compliance violations, including human rights issues. It is an essential component of the compliance management system, enabling not only the investigation and sanctioning of compliance violations but also the initiation of remedial action. It is provided and administered by Heidelberg Materials using a technical platform supplied by an external provider. It is available to all employees and external parties such as suppliers, contractors, and customers. Posters, intranet links, the company website, and training courses publicise the existence of the system and the options for using it.

In each country organisation, we appoint a compliance officer who speaks the respective national language to handle and document compliance complaints and reports relating to employee issues. These compliance officers also monitor the case reporting system and ensure that all reports are properly processed. Use of this whistle-blower system over many years has enabled the company to build up extensive knowledge about how to meet the expectations and needs of potentially affected persons. The lessons learned about the needs of whistle-blowers have contributed to the further development of the case management system.

There are clearly signposted contact partners in the Human Resources and Compliance departments and on the works council to assist with any questions relating to discrimination. Employees can approach these people in confidence at any time and can also consult with the relevant specialists on occupational safety matters.

In order to offer all stakeholders (employees and the general public) the opportunity to lodge complaints, Heidelberg Materials' production sites are required to hold regular meetings or gatherings. This also makes it easier for people with reading and writing difficulties to access the complaints procedure. Complaints about potential violations of the guidelines by Heidelberg Materials can be submitted to the relevant National Contact Point, which every OECD country has a duty to set up. The National Contact Points act as a non-judicial complaints mechanism and carry out mediation procedures as part of which action plans are drawn up and a final report is prepared.

A dedicated case management system supports the investigation of incidents and reports and the structured processing of the results. Since an external service provider is responsible for information security, Heidelberg Materials' IT department cannot gain access to the system itself or grant access to others. The service provider has appropriate certifications that guarantee the security of the data. The company's own case management procedure is described in the Group Compliance Incident Reporting & Case Management Policy. The procedure for reporting and managing compliance incidents is founded on confidentiality, freedom from retaliation, anonymity (if requested), and protection of the rights of the affected persons.

Once received, a report is acknowledged and then categorised within seven days (on the basis of potential human rights abuses and violations of environmental obligations, for example). Responsibility is determined and qualified personnel handle the case impartially. In the SpeakUp system, the whistle-blower always has the option of reading replies to their concerns and, if appropriate, responding via their own system access. The relevant case manager at Heidelberg Materials also gives the whistle-blower a further 15 days to react to the final response to the case. Only then is the case formally closed. From this point on, although the whistle-blower can no longer leave messages, they can still read all messages relating to the case for a period of 30 days. The facts of the case should be established and remedial action developed within 60 days. The reporting person should receive a response no later than 90 days after making their report. The company involves users by evaluating case statistics and taking into account comments from actual and potential reporting persons.

Effective communication with whistle-blowers is ensured through the response deadlines described above and Heidelberg Materials' governance documents (i.e. corporate values, policies, procedures, and guidelines). In this way, potential stakeholders were involved in the planning and organisation of the complaints procedure, for example. In particular, communities living near production sites were identified as potentially affected groups and given due consideration. Various factors were taken into account to ensure that the whistle-blower system was sufficiently accessible, including the large number of production sites, temporary workers, and limited internet access in certain regions.

The Group Compliance Officer reports to the Supervisory Board's Audit Committee on statistical trends in the number of cases every six months and explains significant incidents.

Heidelberg Materials has policies in place to protect individuals against retaliation. These are described in the **Whistle-blower system section of the Corporate governance chapter**.

Human rights

We carry out gross and net risk assessments to identify the negative impacts of our business activities. By combining information on human rights and environmental risks from various sources, the gross risk analysis determines which impacts are typical of the building materials industry, the human rights and environmental risks in the countries in which we operate, and the groups of people potentially affected.

Using a systematic, risk-based approach, the potential impacts are then assessed in a further procedure within the context of a net risk analysis. This assessment is based on the collection of quantitative and qualitative data with the involvement of various stakeholder groups and covers all business lines.

As a result of these assessments and more, we recognise the potential negative impact of forced labour in the extraction of raw materials, the production of cement, ready-mixed concrete, and precast concrete parts, and the transport of materials. These activities may put individuals, especially migrants and other marginalised groups, at risk of exploitative working practices. This may take the form of long working hours without adequate pay, restrictions on freedom of movement, the withholding of wages, or threats. According to our gross risk analysis, which is based on the Global Slavery Index, there is an increased potential risk of forced labour in some countries in Asia and Southeastern Europe. After conducting the net risk analysis, we have no indications that we might violate the prohibition of forced labour and all forms of slavery.

According to our gross risk analysis, child labour is a significant challenge in the building materials industry, especially in the extraction of raw materials, albeit one that varies in frequency from region to region. Because this industry involves labour-intensive activities, children may be engaged in some regions, either directly by suppliers or through subcontractors. In particular, there may be a moderate risk of child labour in individual countries in West Africa and Asia. After conducting the net risk analysis, we have not identified any risk that threatens a violation of the prohibition of child labour in the company.

Heidelberg Materials rejects all forms of child labour and forced labour, as well as all forms of modern slavery and human trafficking. This commitment, which is contained in our Policy Statement on Human Rights and our Code of Business Conduct, underlines Heidelberg Materials' dedication to respecting human rights in all business lines and along the entire value chain. The Policy Statement is based on the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights, which serve as the basis for our business activity. Our membership in the UN Global Compact further underlines our commitment.

As a benchmark for measuring the potential impacts of our activities, we follow international standards such as the OECD Guidelines for Multinational Enterprises, which promote responsible business conduct, particularly with regard to due diligence, ethical business practices, and stakeholder engagement. The International Covenant on Civil and Political Rights and the International Covenant on Economic, Social, and Cultural Rights encourage us to support economic growth, social justice, and cultural respect in the communities in which we operate. The core labour standards of the International Labour Organization (ILO) also guide our Group policies on the elimination of child labour and forced labour and support workers' rights to collective bargaining and non-discrimination in the workplace. It is the duty of all employees of Heidelberg Materials to respect human rights. As an integral part of our business activity, we have established processes to help us apply the UN Guiding Principles to prevent and address any adverse impacts on human rights in which we may be involved.

Heidelberg Materials takes a proactive approach to mitigating the negative impacts on employees, supported primarily by risk assessments and agreed safe systems of work (SSoW). Occupational health and safety competences are developed through training, on-the-job instruction, coaching, mentoring, and skills assessment. Almost all Group countries have an established occupational health and safety management system that defines risk control measures. If an occupational safety incident with physical injuries occurs, procedures are followed involving the company doctor and, where appropriate, other specialists to ensure that the employee concerned has access to support and rehabilitation and can return to full-time work if possible. The effectiveness of the remedial action is evaluated in the relevant Group countries, provided that we are informed that an illness or injury is attributable to employment at Heidelberg Materials.

Heidelberg Materials takes a systematic approach to identifying and prioritising actions in response to actual and potential negative impacts on employees. Heidelberg Materials has been conducting a human rights risk assessment every three years since 2017, using international standards as a reference point. Since 2023, the analysis has been performed annually and on an ad hoc basis. This process is based on comprehensive analyses and the prioritisation of identified risks pursuant to the German Supply Chain Due Diligence Act (LkSG). A specific methodology is used to weigh and prioritise human rights risks. It is based on the criteria set out in Section 3 Paragraph 2 of the LkSG and uses, among other things, the results of both the gross and net risk analyses. The methodology takes into account industry-specific and country-specific risks as well as the severity and likelihood of the impacts. Other factors, such as complaints and incidents, are also analysed. On the basis of these analyses, Heidelberg Materials develops standardised preventive measures that are implemented by the respective country organisations.

Each country organisation has appointed a person responsible for coordinating human rights, who monitors management to ensure compliance with human rights, and a person with expertise in environmental issues to assess and manage human rights impacts related to environmental matters. The responsible persons in the country organisations lead and coordinate human rights efforts with the support of the Group Legal & Compliance department. Due to the overarching nature of the topic of human rights, other departments are also responsible for certain aspects of the human rights compliance management system. Support is provided by a cross-functional team consisting of the Group departments ESG, Group Procurement, Group Human Resources including Occupational Safety, and Group Communication & Investor Relations.

Policies

Compliance with legal obligations and social standards as well as the protection of human rights are of central importance to Heidelberg Materials. As a manufacturing company, we bear a special responsibility for the occupational health and safety of our employees. Heidelberg Materials has policies in place aimed at eliminating discrimination (including harassment) and promoting equal opportunities, diversity, and inclusion. The positive and negative impacts on the Group's own workforce (with regard to working conditions, equal treatment and opportunities, and other work-related rights) identified in the materiality analysis are addressed in various internal policies. These are described below.

Occupational Health and Safety Policy

In our Occupational Health and Safety Policy, we have defined a set of cardinal rules that are mandatory for all employees, contractors, and third parties in order to prevent fatalities and accidents resulting in personal injury. They relate especially to those activities that have been identified as main risk areas for accidents. They include requirements for equipment isolation, protection from moving parts of machinery, driving safety – both at our sites and en route to customers – entry to confined spaces, a range of personal protective equipment, and the need to report all accidents and incidents. The cardinal rules are supported by the Group Health & Safety Standards, which provide additional information and guidance on how to meet these requirements.

Occupational safety is one of our company's core values and integral to our work activities. The Occupational Health and Safety Policy addresses the impacts regarding the material topic working conditions relating to occupational health and safety. Its aim is to continuously minimise the risks to our employees, contractors, and third parties. In addition to compliance monitoring procedures, we focus our attention on preventing injuries, occupational diseases, and work-related health impairments, including regular inspections by the Group Internal Audit department and others.

The Occupational Health and Safety Policy applies Group-wide to Heidelberg Materials AG's own operations and to all companies it directly or indirectly controls. The policy is the responsibility of the Chairman of the Managing Board.

As a member of the Global Cement and Concrete Association (GCCA), Heidelberg Materials has undertaken to comply with its guidelines, including those relating to occupational safety. These guidelines have been integrated into our internal standards.

The policy is available to employees, contractors, and third parties via our **website**. Depending on the Group country and location, the Occupational Health and Safety Policy is also displayed on site and, where appropriate, appended to contracts of employment.

Code of Business Conduct

The Code of Business Conduct demands compliance with the highest legal and ethical standards in decision-making and actions taken. All employees are expected to perform their duties towards customers, suppliers, authorities, and business partners with honesty, integrity, professionalism, and due regard for ethical standards. Among others, the following areas of society and business are addressed: health legislation and labour laws, sustainability and environmental protection, human rights and workers' rights, company property, product safety and quality, and corruption prevention.

The Managing Board has adopted the Code of Business Conduct as binding across the Group. It must therefore be complied with by the members of the Managing Board, directors, managers, and employees of Heidelberg Materials and its subsidiaries worldwide. Managers are responsible for ensuring effective communication and monitoring compliance. The Group Legal & Compliance department provides support in this regard. The Code of Business Conduct addresses the impacts regarding the material topics working conditions, equal treatment, equal opportunities for all, as well as other work-related rights. Compliance monitoring procedures include internal communication of the Code of Business Conduct – repeated at least once a year – training, and a reliable whistle-blower system (SpeakUp).

In addition to the company's own workforce, the Code of Business Conduct is aimed at customers, suppliers, competitors, and other third parties who have access to it via our **website**. The interests of these parties were incorporated into the Code of Business Conduct by consulting selected top managers worldwide, who are familiar with the needs of the various stakeholder groups, about the importance of compliance issues.

The Code of Business Conduct is also based on principles of ethical corporate governance and international standards such as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. As a member of the UN Global Compact, we have additionally committed to its ten principles in relation to human rights, labour, anti-corruption, and the environment. By integrating social and environmental aspects into our activities, we aim to contribute to achieving the UN Sustainable Development Goals (UN SDGs).

Group Human Rights Compliance Management Policy

The Group Human Rights Compliance Management Policy defines the framework for the human rights compliance management system. It specifies how Heidelberg Materials' human rights compliance management system is organised to fulfil the obligation to uphold internationally recognised human rights within both the company and its value chain, including in matters relating to working conditions and equal treatment. In doing so, it follows the "protect, respect, and remedy" framework of the UN Guiding Principles on Business and Human Rights. The policy sets out the cross-departmental tasks relating to compliance with and the promotion of human rights and defines the responsibilities involved in monitoring them. It also requires all employees to familiarise themselves with the human rights provisions relevant to their area of activity. The policy addresses the impacts regarding the material topics working conditions, equal treatment and equal opportunities for all, as well as other work-related rights.

The Group Human Rights Compliance Management Policy applies Group-wide to Heidelberg Materials AG's own operating activities and to all companies it directly or indirectly controls. The policy is the responsibility of the Chairman of the Managing Board. Our employees can access the policy via the intranet. When the policy was in development, the content and structure of the Human Rights Organisation were coordinated with all departments that have, on the one hand, particular expertise in human rights issues and, on the other, contacts with stakeholder groups affected by these issues.

Group Compliance Incident Reporting & Case Management Policy

The Group Compliance Incident Reporting & Case Management Policy contains instructions for all reports submitted by employees or by (external) third parties, including customers and employees of suppliers. The policy addresses the impacts regarding the material topics working conditions, equal treatment and equal opportunities for all, and other work-related rights. The purpose of this policy is to provide basic information and guidance regarding the reporting of compliance concerns. This includes the processing and handling of submitted complaints and reports by whistle-blowers as well as the protection of whistle-blowers against retaliation. It is intended to encourage reporting of violations of laws and policies through various channels and to ensure that incidents are handled confidentially and thoroughly.

The policy applies to Heidelberg Materials AG and all companies under its control. It is available on the **company's website** and on the **homepage** of the SpeakUp whistle-blower system.

The Group Legal & Compliance department is responsible for the content of the policy, which is approved by the Chairman of the Managing Board. On the one hand, reporting comprises purely statistical data on compliance incidents and, on the other hand, the documentation of significant cases, including defined preventive measures and sanctions. Reports are submitted to the Managing Board and the Audit Committee of the Supervisory Board.

The principles and processes defined in the policy for Heidelberg Materials set an internal standard for handling compliance incidents that is aligned with the legal provisions of the German Whistle-Blower Protection Act (Hinweisgeberschutzgesetz, HinSchG) and the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, LkSG), which are both directly applicable to Heidelberg Materials AG. Other standards to which Heidelberg Materials commits in its Code of Business Conduct may, if necessary, also play a role in investigations.

When the content of the policy was in development, the various stakeholder groups were taken into account both by implementing legal requirements and by drawing on years of experience of processing reports on the needs of whistle-blowers.

Policy Statement on Human Rights

Heidelberg Materials' Policy Statement on Human Rights outlines the company's commitment to upholding human rights and protecting the environment. It sets out the company's guiding principles, including the prohibition of child labour, forced labour, and all forms of slavery, as well as the promotion of occupational safety, freedom of association, equality in the workplace, and respect for land rights. It therefore addresses all impacts regarding the material topics working conditions, equal treatment and opportunities for all, and other work-related rights.

It also explicitly emphasises that Heidelberg Materials does not tolerate any form of violence, harassment, or discrimination. Together with the Code of Business Conduct, it covers discrimination on the following grounds: nationality, ethnic or social origin, skin colour, age, religion or creed, physical or mental disability, sexual orientation or (gender) identity, pregnancy, gender, marital status, social class, trade union membership, and political opinion. The Policy Statement on Human Rights defines both the commitment to responsible corporate governance with regard to human rights and environmental obligations and the duty of due diligence at its locations and in its supply chain. It also describes preventive measures by which Heidelberg Materials fulfils its obligations to respect human rights, protect the environment, and manage potential impacts. Various departments carry out compliance monitoring by implementing the human rights strategy and ensuring that it is integrated into all business processes and in all Group countries.

The scope of the Policy Statement extends to Heidelberg Materials AG in its own operations and to all companies directly or indirectly under its control. It also sets out what we expect of our suppliers and business partners in the upstream and downstream value chain.

The Policy Statement on Human Rights is the responsibility of the Compliance department, including the Group Human Rights Officer appointed by the Managing Board. The Group Human Rights Officer is responsible for developing, implementing, and monitoring the human rights compliance management system and for reporting to the Managing Board on the findings of the due diligence process. The Group Legal & Compliance department reports to the Chairman of the Managing Board. The Chief Sustainability and New Technologies Officer (CSO) is responsible for implementing the environmental aspects of the human rights compliance management system.

The interests of our most important stakeholders were identified and taken into account when defining the Policy Statement on Human Rights by involving external experts, as well as by regular surveys, feedback systems and discussion forums, close cooperation with relevant stakeholders such as workers' representatives, trade unions, non-governmental organisations, and local communities, continuous communication via various committees and teams, involvement in the planning and design of the complaints procedure, various information events, and active dialogue during townhall meetings. The Policy Statement is available on our **website**.

Processes for engaging with own workforce

Employee involvement is a key component of our human rights due diligence. Interviews with employees, trade union representatives, and managers as part of due diligence procedures, enable us to identify impacts and risks and to examine preventive measures.

Since 2023, an annual Human Rights Information Event has been held in Heidelberg to discuss Group-wide compliance with human rights standards with employees and promote transparency. Questions about the impacts of our activities worldwide are also answered at the event. Training on occupational safety, the Code of Business Conduct, anti-corruption, and human rights is offered in various formats to reach the entire workforce.

Heidelberg Materials values and takes into account the opinions and perspectives of its workforce when making decisions and taking action that could have impacts on employees. This includes both direct employee involvement and engagement through workers' representatives. The interests of employees are represented by works councils and elected workers' representatives on the Supervisory Board. A good working relationship with the workers' representatives is extremely important. Delegated members of the employee committees at the individual locations form Heidelberg Materials' General Works Council and the Group Works Council.

Statutory, collective bargaining, and company regulations are implemented jointly in close cooperation with workers' representatives. These representatives are involved in numerous bodies and committees and are informed about operational changes in good time. This usually takes place via regular works meetings, notices in the plants and offices, and electronic communication sent from management directly to the employees (affected). The regulations on mandatory notification periods vary around the world.

Heidelberg Materials also carries out a systematic assessment of performance and potential that is standardised across the Group and forms the basis for strategic personnel development and successor planning. This assessment is based on clearly defined, conventional criteria that are communicated to both employees and managers. Superiors and employees review target achievement, development opportunities, and future prospects together within the framework of structured appraisal interviews (known as growth talks).

Employee and employer representatives maintain a close and regular dialogue. In Germany, for example, monthly meetings take place between employer representatives and local works councils. Furthermore, the works council organises quarterly staff meetings at our headquarters, which are attended by the Chairman of the Managing Board and the Director Group Human Resources four times a year. A meeting of the General Works Council is held once a year, to which the Chairman of the Managing Board, the Director Group Human Resources, and the Director HR for Germany are invited. Business decisions that are subject to employee participation under the German Co-Determination Law are also made in close consultation between the employer representatives and the workers' representatives. As a rule, the latter are involved at an early stage.

Group management and workers' representatives also engage in constructive dialogue in the European Works Council. Once a year, an in-person event is held with the European Group countries, the Chairman of the Managing Board, and the Director Group Human Resources, among others. Dialogue between workers' representatives and employer representatives is generally the responsibility of the local companies. This dialogue is not coordinated at global level due to differences in legal requirements.

The Chairman of the Managing Board has operational responsibility for engaging with the workforce and ensures that the results of the dialogue with employees are incorporated into Group strategy. He actively promotes the interests of employees and makes sure their opinions are heard. He also ensures there are regular opportunities for dialogue between the Managing Board, workers' representatives, and employees.

Good communication and cooperation between the employer representatives and workers' representatives at Heidelberg Materials help us achieve an effective balance of interests and to secure and assess the efficacy of our working relationship. Regular plenary sessions, such as works meetings or Management Dialogue events, also promote dialogue with employees. The high level of interest and lively participation in these events explain why cooperation with the employees is rated so positively.

In many countries, occupational safety agreements are part of the collective bargaining process. Employees are consulted at various levels, particularly through occupational safety committees. Several Group countries conduct surveys to measure improvements in occupational safety. At local level, managers conduct active “Visible, Felt Leadership” site visits, during which they hold safety conversations to determine whether occupational health and safety messages are reaching and being understood by the site workforce, including the subcontractors and drivers working for us. This process helps us to identify health hazards and occupational safety risks and to mitigate negative impacts.

Actions

With regard to working conditions, equal treatment and opportunities for all, and other work-related rights and the associated impacts on its own employees, Heidelberg Materials has established measures in its own operations and – with regard to occupational health and safety – also in the upstream and downstream value chain. Heidelberg Materials intends to continue the measures described below permanently and develop them further as necessary. By means of these measures, including the creation of fair working conditions, training and skills development for our employees, work-life balance, the promotion of diversity, increasing the proportion of women in management positions, and providing training related to human rights and the company's

Code of Business Conduct, we aim to combat harassment in the workplace, and stressful working conditions.

Creating fair working conditions

In the reporting year, Heidelberg Materials took action to improve the working conditions of all employees worldwide. Where legally possible, a large number of our employees are covered by collective agreements that guarantee fair wages and working hours. Clear regulations on working hours and rest periods are intended to avoid overtime and irregular working hours as far as possible. Collective agreements are reviewed and adjusted in regular negotiations between the relevant trade unions and employers' associations. For the most part, our employees not covered by collective agreements have similar working conditions, for example with regard to working hours and holiday entitlement. Other aspects that are not regulated by collective agreements (such as remuneration structures for employees not covered by collective agreements) are also subject to company co-determination. We strive to ensure that all our employees, including those not covered by collective agreements, have safe working conditions with clearly defined working hours, holiday entitlements, and additional benefits. We aim to avoid significant differences in the overall experience of our workforce. By promoting employee participation and co-determination by workers' representatives and other bodies, we contribute to a good working environment. In the event of a restructuring or job cuts, we work in close consultation to find socially responsible solutions and, for example, initially examine the possibility of redeploying employees within the Group (e.g. to other locations or to foreign subsidiaries) or of supporting them in finding a job near their current place of work. With regard to the material topic measures against violence and harassment in the workplace, we pursue a zero-tolerance approach and thus offer our employees remedial measures to ensure fair working conditions for all.

Training and skills development for our employees

In the reporting year, Heidelberg Materials continued to offer professional training and development programmes worldwide in order to improve our employees' career prospects. In addition, we regularly offer training courses and workshops tailored to current needs and trends in the building materials sector, such as artificial intelligence, sustainability issues, and carbon capture. We also support our employees by means of mentoring programmes and individual development plans tailored to their personal career goals, such as the Leadership Development Pathway, which was designed to promote leadership skills. A holistic approach was taken to ensure that the Leadership Development Pathway is suited to and supports our various functions. This internally developed concept takes into account the current and future needs of the company and its managers. Heidelberg Materials offers training at various management levels delivered by external and internal coaches and mentors. Furthermore, we promote the sharing of knowledge and best practices through internal networks and platforms.

Supporting work-life balance

In the reporting year, Heidelberg Materials continued to implement measures worldwide to promote a good work-life balance and positively impact our employees. These measures vary depending on the location and region and are based on cultural factors and legal requirements in the respective Group countries. In many European countries, employees who are not directly involved in production have the opportunity to work remotely in other EU countries. The regulations vary according to location. They are based on the operational possibilities and are always in line with national laws. In order to promote a good work-life balance and due to our international demographic profile, our employees often express a desire for a flexible work structure. In addition to remote work, we therefore offer our employees flexible working time models, as well as the option of flexibly changing their level of employment. We also promote a good work-life balance by offering additional leave options for when a child is born and by helping to find childcare centers. Through our holistic Employee Assistance Programme (EAP), we provide our employees with external coaches, psychological support, and crisis intervention experts who are available free of charge and on a confidential basis in the event of mental, financial, or legal problems.

Occupational health & safety

At most of our locations in countries where there is limited access to health care, Heidelberg Materials operates on-site infirmaries, which are generally staffed by doctors, nurses, and medical personnel. Larger cement plants, for example, have infirmaries whose staff provide a full range of medical services including health education, vaccinations, issuing prescriptions, health monitoring for employees, first aid for visiting contractors and vehicle drivers, and support for families and local communities. In addition, we provide follow-up checks, referrals, and limited treatment for chronic diseases. In France, for example, we have structured our health management programme around monthly topics, with a focus on mental and physical health. Topics include improving sleep patterns, resilience, nutrition and diabetes, and physiotherapy.

In the reporting year, we also strengthened our health management activities to promote understanding of and prevention of mental illness, raise awareness of well-being, and help managers to identify and support employees with mental health problems. In many Group countries, we also offer appropriate support in the event of accidents to help the employees affected to come to terms with what they have experienced. Additionally, for specific mental health issues, our employees have access to colleagues who are specially trained as mental health first aiders and can provide professional support. These measures offer our own employees support in the event of significant negative impacts.

In addition, workplaces are routinely checked for exposure to factors that could be hazardous to health, such as respirable crystalline silica (RCS), noise, or dust in order to prevent work-related ill health. Employees who are exposed to these or other defined health risks are regularly examined by occupational health specialists. All our locations also have employees trained as first-aiders and fire safety officers who can provide first aid in emergencies and respond quickly. This measure improves occupational health and safety, thus contributing to compliance with the targets of the Occupational Health and Safety Policy.

Measures to raise awareness of occupational health & safety

In 2024, the Managing Board presented five key messages at a townhall meeting:

1. Occupational health and safety are top priorities for everyone at Heidelberg Materials.

2. Occupational health and safety are the responsibility of every individual, particularly of country and plant management.

3. Promote safe behaviour by pausing before each task, thinking, and then acting (dynamic risk assessment).

4. We take a zero-tolerance approach towards anyone who violates occupational safety rules.

5. Everyone is accountable for compliance with occupational health and safety.

In 2024, we continued to provide occupational health and safety training at our locations to refresh and improve employees' own skills, promote personal development, and improve supervision of employees.

We offer internal and external courses, on-the-job training, e-learning, and webinars to educate and keep our employees informed about health, safety, psychological health problems, and well-being.

In addition to conventional training activities, safety conversations also play a central role as a preventive measure against accidents. During these conversations between managers and employees, both safe and unsafe behaviour in the relevant situation are discussed and, if necessary, safer procedures are agreed. In addition, internal and external audits are carried out to monitor the implementation of safety measures. In 2024, there was an increased focus on discussing and analysing hazards and on awareness-raising measures. The aim is for employees, especially in operations and transport, to take a minute to think about how they will act in preparation of the situation they are about to face. These remedial actions were taken because previous preventive measures, such as policies and training programmes, had only been partially successful in preventing accidents. Because these remedial actions seek to bring about cultural change, it will take several years before their effectiveness can be assessed.

As part of our annual Global Safety Week, we organise a range of training sessions featuring exercises on real-world situations. Visits from managers, external specialists, and local first-aid organisations help to keep the focus on occupational health and safety issues, enabling first-aiders to develop and review their skills. During this time, we also increase the number of targeted occupational health and safety training sessions to improve awareness among our contractors and drivers. In addition, we carry out inspections, audits, behavioural safety measures, and audits of structures, vehicles, and equipment.

In 2024, we continued to install safety nets in our cement works, to provide loading platforms for vehicle drivers, to improve the visibility of and safety features on our vehicles, heavy mining equipment, and transport delivery vehicles. We also continued to safeguard and isolate equipment and improve visitor and contractor safety and road safety. The gaps and remedial actions identified in target/actual analyses, as well as progress made, are discussed with local management on a regular basis and reported to the respective member of the Managing Board on a quarterly basis.

The respective country managers are responsible for ensuring that occupational health and safety meets local legal requirements. They provide leadership and the necessary resources to ensure these obligations are met. They also prepare and implement annual occupational health and safety action plans and make sure that any potentially fatal incidents are investigated and reported. To ensure we remain focused on activities that minimise risks and harm, the Managing Board and country managers consult internal occupational health and safety specialists. They advise on and provide support in complying with legal regulations and corporate requirements by means of monthly reports to the Managing Board.

Heidelberg Materials monitors and evaluates the effectiveness of its occupational health and safety actions and initiatives by establishing occupational health and safety management systems, such as ISO 45001, which require regular internal and external audits. The management at each plant is asked to follow a structured approach with planning, clear work procedures, responsibilities, and controls to ensure an ongoing improvement process and thereby prevent accidents. In support of these efforts, the company uses the AID (Accident Information Database) system throughout the Group. This standardised software records and analyses accidents and incidents in order to identify and mitigate risks. Various tracking methods are also in place to monitor occupational health and safety.

Increasing diversity

In the reporting year, Heidelberg Materials continued implementing measures to increase diversity to positively impact our employees. We bring together people with different cultural backgrounds, personalities, skills, and experiences who reflect the international and diverse nature of our markets, customers, and business environment. Our efforts include awareness-raising initiatives for inclusive workplaces, as well as measures to ensure equal opportunities and combat discrimination. At Heidelberg Materials, ensuring equal treatment and opportunities for all employees is a central part of our management culture. Our Managing Board and other managers are responsible for developing, monitoring, and implementing the relevant policies and procedures. Our Policy Statement on Human Rights reaffirms our commitment to promote equal opportunities in employment and occupation and seeks the equal participation of all genders at all levels.

Our annual Diversity Week celebrates cultural diversity and active inclusion at Heidelberg Materials and aims to further strengthen our focus on diversity. With diversity and inclusion training courses, we strive to combat unconscious bias, i.e. unintentional thought patterns and stereotypes that are barriers to equality. As part of Diversity Week at the Group headquarters, information events on topics such as equality and diversity in the workplace were held. Networks for women, the LGBTIQ+ community, and others also gave presentations. These offerings were available to all employees at the respective locations. At an annual trainee meeting, scores of trainees from various Group countries also have the opportunity to meet the Managing Board and other managers at Group headquarters and network with each other. One of the aims of this measure is to increase the diversity of our workforce in the context of demographic change.

Additionally, as signatories to the Diversity Charter, we have been expressing our commitment to diversity since 2013. The Diversity Charter supports the recognition, respect, and inclusion of diversity in the workplace and also encompasses positive action for members of particularly vulnerable groups within the company's own workforce. We actively participate in a network involving many German companies in order to exchange ideas on the implementation of DEI (diversity, equity, inclusion) measures. To take account of the particular importance of diversity, equity, and inclusion and further anchor the topic at strategy level, the Group countries are developing country-specific action plans to suit their local circumstances.

The scope of this global measure extends to activities within the company's own operations as well as activities in the upstream value chain.

Increasing the representation of women in management positions

In the reporting year, Heidelberg Materials implemented awareness-raising measures for an inclusive working environment, career development opportunities, and other initiatives to increase the representation of women in management positions. In Europe, a transnational mentoring programme has been launched, through which a large number of female employees receive active mentoring from female colleagues in other Group countries and other departments and can network with each other.

The past financial year also saw the introduction of the Women Rising initiative, which aims to make it easier for women within the company to network and to offer them targeted support to become managers. Another networking opportunity is presented by the global NOW (Network of Women) network, an initiative that brings together female employees worldwide, promoting internal networking and raising awareness of the changing demands on living and working environments. Additionally, Allies of NOW also enables male employees to actively champion gender equality. Our up-and-coming female managers also take part in mentoring and growth discussions, as well as the Leadership Forum, which promotes direct dialogue with the Management Board. The career development of female future executives is also supported by the possibility of job sharing in management positions.

Raising awareness about the Code of Business Conduct, including human rights matters

In the reporting year, Heidelberg Materials produced animated explanatory videos and held information events to communicate the values of the Code of Business Conduct. To ensure that the rules of the Code of Business Conduct are understood and observed, all members of the Managing Board, management, and employees must regularly complete an online training programme. These measures help employees to develop a basic understanding of their rights in the workplace and learn how to behave respectfully and in accordance with the company's policies. They are encouraged to recognise and overcome prejudices in order to build an inclusive working environment. The clear communication of human rights aspects and ethical standards contributes to compliance with the objectives of the Code of Business Conduct. In order to implement the German LkSG, the compliance officers and human rights coordinators continued to work with the Group Procurement department in 2024 as part of the Responsible Procurement initiative.

Training, awareness-raising, and compliance monitoring relating to human rights and due diligence obligations

During the reporting year, Heidelberg Materials organised training sessions for its area directors, general managers, and other central functions, which were also attended by the heads of the global and local legal and compliance departments. The focus was on corporate due diligence and risk analysis relating to human rights. In addition, human rights coordinators at country level received training to enable them to carry out their tasks effectively. These measures are intended to promote responsibility at Group and country level and raise awareness of fundamental human rights standards. At Heidelberg Materials, employee training on compliance, occupational health and safety, and human rights is conducted in the national language of the various Group countries. The most important policies, such as the Code of Business Conduct and the Policy Statement on Human Rights, are also translated into the respective national languages. These documents are part of the training courses and are communicated via the intranet. These practices should ensure that all employees have access to important information, regardless of their origin or native language.

The e-learning programme on the topic of human rights that began in 2023 was introduced in twelve additional Group countries during the reporting year, which means that we now offer the programme in all regions where we are active. Among the employees required to undertake this e-learning, the completion rate in these countries was 96%. This mandatory training, which must be repeated every two years, covers topics such as equal treatment, child labour and forced labour, fair and safe working conditions, freedom of association, land rights, and complaints procedures. The aim of the training is to raise awareness of human rights issues and equal treatment and to provide training to employees on responsible and appropriate behaviour. Participants are confronted with various scenarios to identify and respond appropriately to problems. We offer on-site training for employees who work in operations and do not need computer access for their day-to-day work. These in-person events on human rights allow for personal dialogue and provide answers to questions. The group of participants is not restricted.

The company has implemented comprehensive processes for the prevention of child labour and forced labour. These include regular risk analyses, time-recording systems, and reporting systems that help us detect potential cases at an early stage. Our human rights coordinators are trained to identify signs of forced labour and child labour. The Workday system, introduced in the reporting year, records the date of birth of all employees in order to identify workers under the age of majority immediately. For apprentices and interns who are minors, we observe local legal requirements, such as compliance with working hours, break regulations, and special protective measures. Starting in year 2025, the Procedure for Protecting Young Workers will help to protect individuals under the age of 18 in our company, including apprentices and participants in work/study programmes. The guidelines include clear steps for protecting young workers, as well as appropriate action for when potential cases of child labour are detected.

Heidelberg Materials carried out a global campaign during the reporting year to sustainably prevent child labour in its own operations. This campaign informed workers about how to recognise child labour and what actions need to be taken if a case is identified, including in the company's supply chain. Human rights audits are conducted to examine compliance with and implementation of guidelines and procedures, such as the Group Human Rights Compliance Management Policy and the Responsible Land Use Policy. The audits cover the assignment of responsibilities, participation in training, complaints handling, the conduct of human rights risk analyses, and measures to promote equality and decent working conditions. To promote transparency and understanding, Heidelberg Materials published a comprehensive human rights report for the first time in 2024, providing detailed insights into the company's efforts and progress relating to human rights and how it identifies and addresses negative impacts. The report is available on our **website**.

Protection of sensitive data

Heidelberg Materials has taken measures to protect sensitive employee data. The implementation of data protection management systems (DPMS), preventive data protection measures, and compliance with European and local data protection laws are essential to protect our employees' personal data and minimise regulatory sanctions. By using secure communication channels and regularly reviewing and updating IT security measures, sensitive data, such as information about world views and political beliefs, is to be protected and made inaccessible to third parties. These measures are intended to ensure responsible data management and data use and contribute to a sense of personal self-determination and security.

Heidelberg Materials follows strict privacy policies to ensure that employees' personal information remains secure and is only used for legitimate purposes. Regular reviews of data protection practices help to ensure compliance with legal requirements and the security of employee data. Heidelberg Materials continued to inform employees about data processing during the reporting year. This is done to comply with the GDPR and the applicable national laws in the Group countries and applies to employees, whose information is processed, stored, or used by Heidelberg Materials. Providing this information helps us to comply with the Code of Business Conduct and to ensure lawful, secure, and correct data processing.

Targets and metrics

As part of its **Sustainability Commitments 2030**, Heidelberg Materials has set itself three Group-wide targets with regard to social issues (grouped under Safe & Inclusive). These targets relate to managing material negative impacts and advancing positive impacts. The targets defined by the Group focus on occupational health and safety, gender equality, equal pay for work of equal value, and diversity.

The following targets were defined with the involvement of all relevant internal departments and relate to the Group's own operations. They are not based on scientific evidence, but have been developed on the basis of experience relevant to the building materials sector.

Our **Sustainability Commitments 2030** were drawn up in close cooperation with the Group Environmental & Social Governance and Group Human Resources departments as well as the Managing Board and the Supervisory Board. The targets were approved by the Managing Board and the workers' representatives were informed about them, but they were not involved in setting the targets.

Heidelberg Materials is committed to Sustainable Development Goal 8 ("Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all"). The company strives to create competitive jobs, even in rural areas, in order to contribute to economic growth and strengthen the communities in which the operational sites are located. Heidelberg Materials is committed to a dialogue based on trust with all relevant stakeholders and has processes in place to involve local stakeholders at an early stage when it comes to investment projects.

Heidelberg Materials is also committed to supporting Sustainable Development Goal 5 ("Achieve gender equality and empower all women and girls"). It aims to contribute to SDG 5 by increasing the representation of women in top management and implementing a comprehensive programme of measures. These include measures to raise awareness of an inclusive working environment and to combat discrimination. Heidelberg Materials supports the career development of female future executives via mentoring, participation in programmes for the advancement of future executives, and the possibility of job sharing in management positions (see **Actions section**).

Occupational health and safety – in alignment with SDG 8

We continuously strive to minimise the impacts on our employees, contractors, and third parties in order to achieve our target of "Zero Harm" (including zero fatalities) and to prevent work-related injuries and ill health. This target is consistent with the implementation of our Occupational Health and Safety Policy. Effective preventive measures are in place to minimise the risk of accidents, incidents, and illness. The company aims to reduce the fatality rate to zero by 2030 and reduce the lost-time injury frequency rate (LTIFR as defined by the GCCA) by 50% compared with 2020 (LTIFR baseline value in 2020: 1.6). The LTIFR is calculated based on the number of accidents suffered by Group employees with at least one lost working day per 1,000,000 working hours. Since each death is one too many, it does not make sense to provide a baseline value and base year for this target.

The development of the occupational safety targets is presented to employees on a quarterly basis at management meetings and works meetings. These targets are also discussed regularly during management meetings between the Group Health & Safety department, country organisations, and the Managing Board. The Supervisory Board is informed once a year about the development of the occupational safety metrics.

Equal treatment and opportunities – in alignment with SDG 5

Our target is to increase the representation of women in management positions in the two levels below the Managing Board worldwide to 25% by 2030 in order to promote equal opportunities at Heidelberg Materials. The target for Germany is 27% in the first and second leadership levels below the Managing Board by 2027. This target was set in accordance with the Second German Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors (Zweites Führungspositionen-Gesetz, FüPoG II).

The baseline value for measuring our progress is the representation of women in top management positions across the Group at the end of the 2021 financial year, which amounted to 14%. The baseline value for the representation of women in top management positions in Germany at the end of the 2021 financial year was 18%. The data originates from our global human resources information system (HRIS) and takes into account all female managers who hold a top management position, which is to say that they are direct superiors of at least one person and are themselves in the first or second level below a member of the Managing Board. This metric was previously based on full-time equivalents, but since 2024, it has been calculated on the basis of headcount.

In setting this target, we have taken into account the fact that we operate in a predominantly male-dominated industry.

With regard to collective bargaining and the presence of trade unions, work-life balance, training and skills development, the employment and inclusion of persons with disabilities, measures against violence and harassment in the workplace, as well as child labour, forced labour, and privacy, we do not believe that there is any benefit to be gained from setting specific targets.

The effectiveness of the policies and measures in relation to the above-mentioned topics is tracked via internal reporting, audits, feedback from stakeholders, and metrics (see **Policies** and **Actions sections**). This process includes analysing the number of cases relating to human rights that are reported in our whistle-blower system and the respective circumstances (see **Table on Incidents, complaints, and severe human rights impacts** as well as the **Targets and metrics section in the Corporate governance chapter**).

Metrics relating to characteristics of the employees

All employee metrics that are recorded as a headcount or full-time equivalent figure are reported from our global HRIS as a number of employees, with a few exceptions. In this context, annual reporting of all metrics uses the average of all quarter-end values as at the reporting date 31 December 2024.

At the end of 2024, the number of employees at Heidelberg Materials was 51,129 (previous year: 50,997 full-time equivalents). It should be noted that up until 2023, the number of employees was reported on the basis of full-time equivalents at the end of the year, but as of 2024 it is calculated on the basis of annual average headcount. The employee fluctuations in 2024 are partly due to natural turnover and partly to operational measures such as portfolio optimisations. An increase in the number of employees was recorded, mainly due to the acquisitions of companies for the purpose of expanding our range of circular materials, among other things.

All voluntary and involuntary terminations in the reporting year are taken into account when calculating the turnover rate. Employees who left due to retirement or death in service during the reporting year are also included. These figures are calculated on the basis of headcount. To determine employee turnover, the total number of terminations within the reporting year is divided by the total number of employees at the end of the year (end of the reporting year). The turnover rate is calculated as at 31 December of the reporting year.

The figure shown in the financial statements represents full-time equivalents as at the reporting date (see **Note 7.4**). All employee metrics in this chapter are based on the annual average headcount. The different methodology used results in a small variance.

The disclosure of employee figures by employment type (full-time or part-time) is based on the following calculation logic: all employees whose contracted working hours are between 0.95 and 1.0 FTE are considered full-time employees; all employees whose contracted working hours are less than 0.95 FTE are considered part-time employees. The metric is reported on the basis of headcount.

Characteristics of the employees

	2023	**2024**	Unit
Employees (share) by gender[1)]			
– Male	–	84	%
– Female	–	16	%
– Other	–	0	%
Employees (headcount) in Group countries			
Total employees		51,129	persons
Germany	–	4,688	persons
Egypt	–	2,076	persons
Australia	–	3,552	persons
Bangladesh	–	334	persons
Belgium	–	1,338	persons
Benin	–	84	persons
Brunei	–	61	persons
Bulgaria	–	340	persons
Burkina Faso	–	85	persons
China	–	37	persons
Denmark	–	454	persons
Congo, Democratic Republic	–	145	persons
Estonia	–	129	persons
France	–	2,431	persons
Ghana	–	192	persons
Greece	–	98	persons
Guam	–	9	persons
India	–	1,628	persons
Indonesia	–	4,582	persons
Iceland	–	168	persons
Israel	–	499	persons
Italy	–	1,653	persons
Canada	–	2,175	persons
Kazakhstan	–	1,155	persons
Latvia	–	222	persons
Liberia	–	46	persons
Lithuania	–	39	persons
Malaysia	–	832	persons
Morocco	–	747	persons
Mozambique	–	49	persons
Netherlands	–	521	persons

Characteristics of the employees

	2023	2024	Unit
Norway	–	1,242	persons
Poland	–	1,312	persons
Romania	–	1,069	persons
Russia	–	1,415	persons
Sweden	–	1,505	persons
Singapore	–	39	persons
Spain	–	245	persons
Tanzania	–	466	persons
Thailand	–	909	persons
Togo	–	334	persons
Czechia	–	1,297	persons
Türkiye	–	62	persons
United Arab Emirates	–	24	persons
United States of America	–	6,523	persons
United Kingdom	–	4,324	persons
Employees (headcount) broken down by region and by contract type[1)]			
Group			
– Share of part-time employees	–	3	%
Europe			
– Number of employees	–	23,073	persons
– Share of part-time employees	–	5	%
North America			
– Number of employees	–	8,707	persons
– Share of part-time employees	–	0	%
Asia-Pacific			
– Number of employees	–	11,973	persons
– Share of part-time employees	–	2	%
Africa-Mediterranean-Western Asia			
– Number of employees	–	7,377	persons
– Share of part-time employees	–	1	%
Fluctuation			
Number of employees who have left undertaking[1)]	–	6,957	persons
Rate of employee turnover[1)]	–	15	%

1) Detailed information about employees, beyond the number of employees by country, is exclusively taken from our global HRIS. Currently, a few companies from Iceland, Australia, Indonesia, Egypt, and the UK are still missing, which is why they are not included in these detailed figures. In total, this accounts for about 5%.

Diversity metrics

As at 31 December 2024, the proportion of women in Germany in the first leadership level below the Managing Board was 13% (previous year: 13%) and 27% (previous year: 24%) in the second leadership level below the Managing Board. Across the Group, the representation of women in the first two leadership levels below the Managing Board was 18% (previous year: 18%). Our long-term measures to increase the representation of women in management positions are aimed at creating sustainable change in our workforce structure. In Germany, these measures are already having an effect in the second leadership level below the Managing Board. From a global perspective, the stable proportion of women at the two highest management levels compared with the previous year is due to comparatively low employee turnover at these levels.

At Heidelberg Materials, top management is defined as the two levels of the hierarchy (n-1 and n-2) below our members of the Managing Board (n = Managing Board). These employees are considered top management if they hold a leadership role, which is to say that they have at least one direct report and are the direct manager of that person. This is independent of their internal management level. The rates are calculated on the basis of headcount, which represents a change from the previous years' figures, as this rate was previously reported in full-time equivalents. The figures reported are the ratios of female managers in relation to the total management population at the corresponding levels at Heidelberg Materials.

Diversity metrics

	2023	2024	Unit
Gender distribution (share) at top management level (n-1 und n-2)[1) 2)]			
– Male	82	82	%
– Female	18	18	%
Gender distribution (share) at top management level (n-1 und n-2) in Germany[1) 2)]			
– Male	79	77	%
– Female	21	23	%
Distribution of employees by age group[1) 2)]			
– Under 30 years old	–	11	%
– 30–50 years old	–	52	%
– Over 50 years old	–	36	%

1) Detailed information about employees, beyond the number of employees by country, is exclusively taken from our global HRIS. Currently, a few companies from Iceland, Australia, Indonesia, Egypt, and the UK are still missing, which is why they are not included in these detailed figures. In total, this accounts for about 5%.
2) Since 2024, the information is provided in headcount, which represents a change from previous years when it was reported in full-time equivalents.

Health and safety metrics

The lost time injury frequency rate decreased in the reporting year to 1.3 (previous year: 1.7). The lost time injury severity rate also decreased from 80 to 61. This development shows that there were fewer accidents compared with the previous year, with slightly shorter absences on average. The lost time injury frequency rate decreased by 19% compared with the base year 2020.

In the 2024 business year, we mourned the death of two of our own employees and that of eight employees of contractors. All fatalities were investigated, and action plans were developed to prevent similar incidents in the future. The measures taken include townhall meetings on occupational safety with all on-site employees, more eye-catching colours for safety markings, the installation of GPS and Bluetooth rear-view cameras on quarry vehicles, the installation of cameras with AI technology, and increased signage within high-risk areas.

Occupational health and safety management systems, such as ISO 45001 and local standards, have already been implemented at 99% of our locations (including Joint Ventures). These locations are regularly internally and externally audited, as required by the relevant management system. The systems require a structured approach from the local line management with planning, clear work procedures, responsibilities, and controls to ensure ongoing improvement and thereby prevent accidents.

The results of internal or external H&S audits are communicated to the responsible management, and an action plan is drawn up if remedy is required.

When our management system is certified in accordance with ISO 45001, it is externally audited and verified.

Health and safety metrics

	2023	**2024**	Unit
Lost time injury frequency rate (LTIFR) [1]	1.7	1.3	–
Lost time injury frequency rate (LTIFR) cement business line	0.8	1.1	–
Lost time injury frequency rate (LTIFR) for contractors CEM	1.3	1.3	–
Lost time injury frequency rate (LTIFR) by region			
– Europe	2.9	2.0	–
– North America	1.1	1.1	–
– Asia-Pacific	0.2	0.3	–
– Australia	2.9	1.9	–
– Africa-Mediterranean-Western Asia	0.2	0.4	–
Lost time injury severity rate [2]	80	61	–
Lost time injury severity rate cement business line	40	53	–
Fatality rate [3]	0.2	0.4	–
Fatality rate CEM	0.4	0.9	–
Number of fatalities			–
– Group employees	1	2	persons
– Contractor employees	4	8	persons
Share of operational sites with an occupational health and safety management system (ISO 45001 or similar)	99	99	%

1) Number of accidents (with at least one lost working day) suffered by Group employees per 1,000,000 working hours
2) Number of lost working days resulting from accidents suffered by Group employees per 1,000,000 working hours
3) Number of fatalities of Group employees per 10,000 Group employees

Human rights metrics

In 2024, a total of 339 complaints were submitted, 85 of which were classified as human rights-related cases. Of these 85 cases, 24 have been confirmed.

During the reporting period, 21 cases of discrimination and 19 cases of harassment were reported. None of the discrimination cases were confirmed, but eight cases of harassment have been substantiated.

Information on the number and type of compliance cases is determined by evaluating the documentation in our compliance case management system. Case types related to discrimination, harassment, occupational health and safety, child labour, and forced labour are among those categorised as cases with a human rights dimension. In addition, the compliance officers can flag other case types as having a human rights dimension so that they too are included in the statistical human rights reporting. The definition of serious cases is set out in the publicly available Group Compliance Incident Reporting & Case Management Policy and takes into account financial damage, the involvement of top managers, or the significance to the company, such as reputational damage or due to serious impacts on the persons concerned, as in the case of child labour and forced labour. They are categorised as serious human rights violations due to their severity.

The following table shows the cases reported in 2024. Three of these cases included potentially severe violations of the human rights of our own workforce. However, following further investigation, these cases could not be substantiated. Therefore, we did not receive any reports of severe human rights violations regarding our own workforce in 2024 via SpeakUp or other channels.

Incidents, complaints, and severe human rights impacts

	2023	2024	Unit
Incidents of discrimination, including harassment	13	40	number
Complaints filed through channels for people in own workforce to raise concerns	283	339	number
Severe human rights issues and incidents connected to own workforce[1]	1	3	number
Severe human rights issues and incidents connected to own workforce that are cases of non respect of UN Guiding Principles and OECD Guidelines for Multinational Enterprises[1]	0	0	number
Severe human rights cases where undertaking played role securing remedy for those affected[1]	0	0	number

1) The values for the year 2023 are not included in the external voluntary audit to obtain limited assurance.

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Impacts, risks, and opportunities

Workers in the value chain

Impact materiality

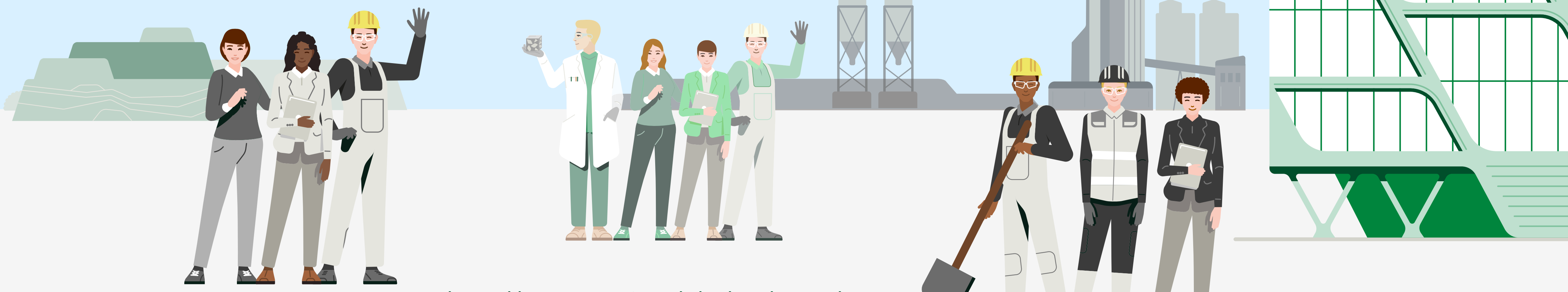
Negative impacts

Positive impacts

Financial materiality

Risks

Opportunities



Working conditions (Adequate wages)
Possible negative impacts on living standards due to inadequate wages and also on the physical and psychological health of specific groups of workers in the upstream value chain
– up own nach

Working conditions (Collective bargaining)
Potentially weaker negotiating positions of certain groups of workers in the value chain in individual countries due to absent or weak trade unions
– up own down

Working conditions (Health and safety)
Thorough and regular due diligence drives fair working conditions and increases health and safety measures in the direct supply chain
+ up own down

Working conditions (Freedom of association, including the existence of works councils)
Possible restriction of the right to form trade unions or works councils in individual countries due to cooperation with business partners who disregard freedom of association
– up own down

Working conditions (Health and safety)
Possible health and safety risks due to high workload and hazards in the workplace
– up own nach

Other work-related rights (Child labour)
Potential negative impacts in individual countries on childrens' physical and psychological health, educational opportunities and development due to child labour
– up own down

Other work-related rights (Forced labour)
Possible negative impacts in individual countries on the physical and psychological health of workers due to forced labour
– up own down

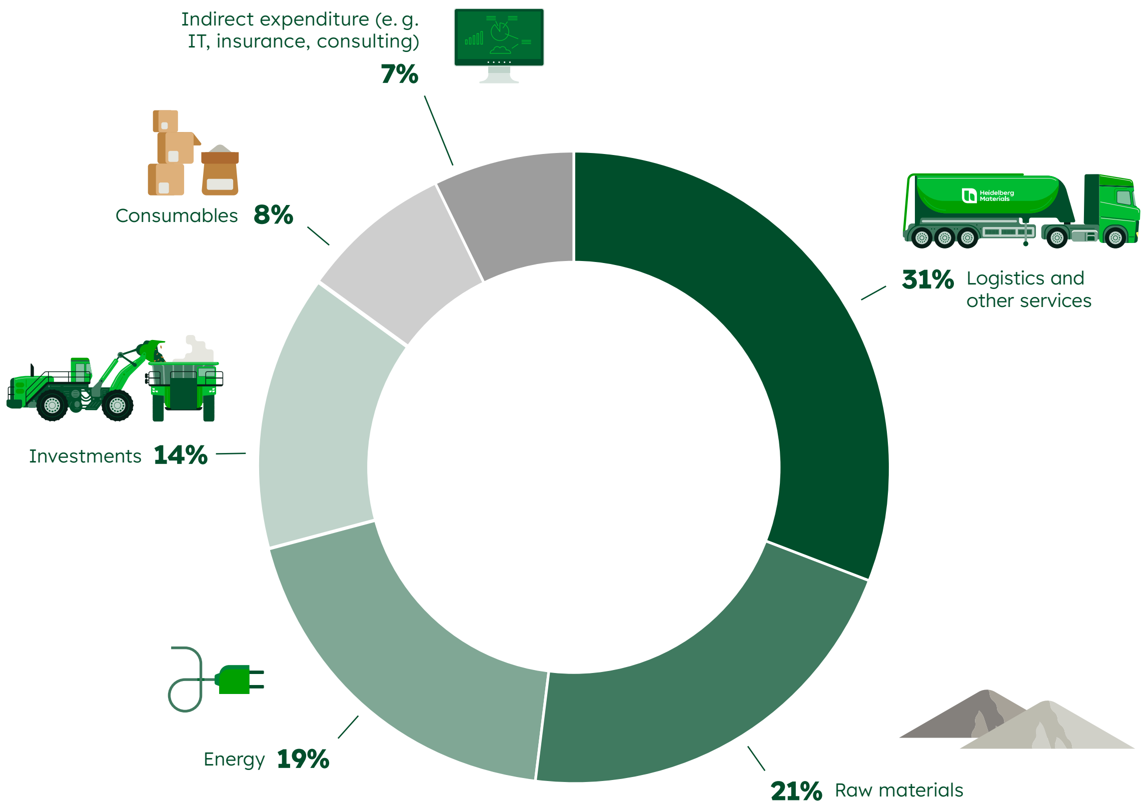
Other work-related rights (Child labour and forced labour)
Advancement of fair working conditions and compliance with the prohibition of child and forced labour through the introduction of due diligence processes and responsible management of suppliers
+ up own down

Material impacts and their interaction with strategy and business model

Heidelberg Materials is committed to upholding human rights and ensuring safe and fair working conditions for workers in the value chain, and integrates the protection of human rights into its strategy and business model. The strategic alignment of the business model considers complex interactions along the entire value chain, both upstream and downstream. As part of a value chain analysis, potential impacts on working conditions were identified regarding wage structures, trade union organisation, and occupational safety standards. Heidelberg Materials acknowledges its responsibility in the value chain and implements targeted measures to avoid negative impacts and enhance positive impacts. These include the active advancement of fair working conditions, with a clear refusal of child and forced labour, and the implementation of a responsible management approach.

Heidelberg Materials' business model necessitates cooperation with diverse suppliers in geographically dispersed locations. We currently work with more than 120,000 suppliers and business partners in over 50 countries in predominantly local business relationships (approximately 90% of all expenditure worldwide)[1]. In the reporting year, Heidelberg Materials procured goods and services with a total value of €13,877 million. This corresponds to 65.6% of total revenue.

Procurement volume 2024



The integration of sustainability matters into the business model enables the Group to strengthen resilience in the value chain.

Heidelberg Materials has implemented a procurement strategy to address potential impacts on workers in the value chain regarding working conditions and other work-related rights, particularly child and forced labour. Integrating sustainability criteria into the procurement process helps to prevent potential negative impacts.

Our procurement strategy intends to reduce negative impacts on workers in the value chain with a number of preventive measures (such as our Responsible Procurement initiative) (see Actions section).

1) This figure is based on an analysis in the countries that use our central SAP system and relates to 59% of annual global expenditure.

Workers in the value chain

The types of workers in the value chain who may be materially impacted by Heidelberg Materials include:

- Workers of suppliers: These workers are active in the production and distribution of products and materials. They may be exposed to various health and safety risks, child and forced labour, inadequate wages, and poor working conditions due to absent or weak trade unions. External service providers deliver services directly at Heidelberg Materials' production facilities and may be exposed to health risks (such as dust exposure, hazardous substances, accidents, and ergonomic risks due to heavy loads).
- Workers in the upstream value chain: This category includes workers in the mining and pre-processing of raw materials for concrete production, the production of many chemical products, and recycling. Workers in upstream logistics, in retail, as intermediaries, and in administration also fall into this category.
- Workers in the downstream value chain: This category encompasses people involved in the demolition of concrete & asphalt structures, and those working in the processes for recycling these materials. Further workers are employed in outbound logistics, including transport by road, rail, and on rivers and lakes, as well as in storage and management of silos and warehouses. Contractors hired for specific tasks and visitors who enter operational sites for various reasons also fall into this category.

- Workers in joint ventures: This category includes production and administration staff who perform the same activities as staff in the fully consolidated companies. These workers are therefore exposed to the same impacts. The production workforce encompasses workers in cement, aggregates, and ready-mixed concrete plants as well as workers at recycling sites. Administrative staff such as administrative assistants, financial analysts, human resources officers, safety inspectors, process engineers, and project managers perform supporting functions and technical tasks.

Heidelberg Materials strives to understand which workers in high-risk countries and industries are particularly vulnerable to negative impacts. As part of the Responsible Procurement initiative, the company conducts a human rights risk analysis (hereinafter: risk analysis). This analysis identifies country- and industry-specific risks to human rights and environmental standards both at the abstract (gross) strategic level and, in further steps, in the specific (net) context of the company's upstream value chain. Based on this risk analysis, potential negative impacts on occupational safety, the environment, and adequate wages for workers of suppliers have been identified.

The risk analysis identifies the following types of workers in the value chain to be particularly vulnerable for negative impacts, especially in individual countries in Africa or Southeast Asia:

- Workers in the upstream value chain, especially those engaged by suppliers and external service providers, are particularly at risk due to the specific conditions in producing cement (including its components). They are potentially exposed to negative impacts regarding occupational safety, for example due to dust, hazardous substances, noise, accidents, and physical strain.

- Workers in the upstream value chain, especially those engaged by suppliers of packaging materials, spare parts, IT hardware, and related services, are extremely vulnerable to potential negative impacts on adequate wages due to possibly insufficient or late wage payments.

Human rights

Heidelberg Materials is committed to upholding human rights in its own operations and in the supply chain (see **Policies section of the Own workforce chapter**).

In the 2024 reporting year, no cases were recorded in the supply chain for alleged violation of the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises.

When operating in countries where armed conflicts occur, we are committed to acting in a conflict-sensitive manner and always in accordance with international humanitarian law.

Heidelberg Materials' compliance management system includes a due diligence process designed to assess human rights risks and develop preventive and remedial actions. To implement the compliance management programme for human rights, resources with a focus on human rights expertise have been allocated to the Group Compliance department. Since the introduction of an IT-supported supplier risk management system, it has been possible to measure and track potential negative impacts in the upstream value chain.

Each country organisation has appointed (i) a person responsible for coordinating human rights, who monitors management to ensure compliance, and (ii) a person with expertise in environment, who addresses human rights impacts related to environmental matters. The responsible persons in the Group countries lead and coordinate local human rights efforts with the support of the Group Legal & Compliance department. In the event of human rights violations, members of the local human rights working group take action to assess the situation and work with suppliers as needed to develop corrective actions or risk mitigation strategies. In addition, complaints from workers of suppliers trigger an investigation via our grievance system. The supplier's active participation in this process is crucial to determine and implement appropriate corrective actions and, if necessary, disciplinary measures.

Depending on the severity of the infringement, the company reserves the right to take appropriate measures against its business partners, up to and including terminating business relationships. Third parties who violate corruption or competition laws, human rights, or contractual agreements may be excluded from business relationships or subjected to special auditing requirements.

The Group Compliance department, including the Group Human Rights Officer appointed by the Managing Board, is responsible for developing and monitoring the human rights compliance management system and for reporting to the Managing Board on the findings of the due diligence processes.

The abstract risk analysis identifies country- and industry-specific risks to human rights at the level of direct suppliers and in the upstream value chain. In the specific risk analysis, potentially high-risk suppliers are identified at least once a year through comprehensive investigations and the collection of additional data. We are in direct contact with our suppliers, who provide the necessary information for risk assessment via platforms such as IntegrityNext and Avetta.

The findings from cooperation with stakeholders along the upstream supply chain from this process feed into the regular review of the Group strategy for avoiding and, if necessary, mitigating negative impacts.

We conduct annual risk analyses regarding working conditions in the value chain. These investigations aim to advance fair conditions in the workplace and improve health and safety measures in our direct supply chain.

The implementation of due diligence processes and responsible management of our suppliers can also contribute towards combatting child and forced labour in the supply chain and thus have positive impacts on other work-related rights. These measures help to ensure that our suppliers uphold ethical standards. By carrying out regular reviews and audits, we can identify potential violations and take action to advance respect for human rights.

According to our abstract risk analysis, child labour is a significant challenge in the building materials industry, albeit one that varies in frequency by region. Because this industry involves labour-intensive activities, children may be engaged in some regions, either directly by suppliers or through subcontractors. In particular, there may be a moderate risk of child labour in individual countries in West Africa or Asia.

Forced labour and other human rights abuses are widespread in informal micro and small enterprises in the mining and production of raw materials. Marginalised communities, migrants, and minorities are among the groups at particular risk in individual countries in Southeastern Europe and Asia.

The abstract risk analysis identified material potential negative impacts in the following areas of the upstream value chain: mining and raw materials, primary and alternative fuels, alternative raw materials, electricity, capital goods, services, and upstream inbound logistics.

There is an increased likelihood of potential material negative impacts regarding health and safety particularly for workers of suppliers in individual countries in Asia. Furthermore, negative impacts on working conditions are widespread or systemic in that region.

Heidelberg Materials counteracts material negative impacts on workers in the value chain, in particular through risk assessments and established “Safe Systems of Work” (SSOW). The requirements regarding occupational safety are also communicated to workers of suppliers and contractors through training and on-the-job instruction. The Group countries have an occupational safety management system that defines risk management measures.

Review of the suitability of preventive measures is an integral part of the specific risk analysis. The specific risk analysis in 2024 showed the preventive measures for mitigating risks are still appropriate. The same applies for material impacts. The human rights coordinators determine preventive measures at country level in relation to the defined risk categories of the German Supply Chain Due Diligence Act (LkSG). This allows them to establish, based on the information collected and documented for the risk analysis, whether these measures are still suitable for preventing or minimising potential impacts.

Heidelberg Materials uses the SpeakUp whistleblower system, which also allows workers in the value chain to report complaints, incidents, and suspected violations anonymously. The way **SpeakUp** works, its availability, and how its effectiveness is monitored are described in the **Whistle-blower system sections of the Own workforce** and **Corporate governance chapters**.

We have not been notified of any severe incidents involving workers in the value chain through SpeakUp or any other channels.

Policies

Heidelberg Materials is committed to acting in accordance with internationally recognised human rights standards, applicable laws, and the regulations of the respective Group countries, and in accordance with our own corporate policies and guidelines. Our suppliers are required to comply with the principles of the Supplier Code of Conduct, in which Heidelberg Materials addresses precarious working conditions in the supply chain by setting clear guidelines. The code includes provisions designed to prevent forced labour, child labour, and human trafficking, and to ensure fair working conditions and adequate wages.

Heidelberg Materials is committed to respecting the interests, views, and rights of workers in its value chain and their human rights in accordance with the following policies. In doing so, we strive to comply with international standards by implementing internal policies that address the material potential negative impacts relating to working conditions and other work-related rights. Overall, the policies described do not exclude any group of workers in the value chain. They are aimed at all business lines and Group regions. However, they target different stakeholders depending on the policy. For example, the Supplier Code of Conduct and the Global Procurement Policy/Responsible Procurement Procedure focus on suppliers and their workers, while the Visitor Contractor Safety Standard, Code of Business Conduct, Policy Statement on Human Rights, and the Group Human Rights Compliance Management Policy formulate the general obligations and requirements of Heidelberg Materials regarding the working and human rights conditions in its own operations and in the upstream and downstream value chain.

Supplier Code of Conduct

The Supplier Code of Conduct includes the obligation of suppliers to conduct their business with integrity, to respect fundamental human rights, and not to offer inappropriate benefits such as payments or gifts that could influence decision-making. The code addresses impacts on the material topics of working conditions and other work-related rights. The focus is on the commitment to human rights matters (such as the payment of adequate wages and the recognition of freedom of association), including the prohibition of child and forced labour, ensuring fair and safe working conditions, and the prohibition of discrimination. We strive to firmly anchor these principles in all framework agreements so that suppliers must not only comply, but also implement them in their supply chains. Compliance is monitored by annual risk assessments and, if necessary, with audits conducted by Heidelberg Materials. If supplier risks are identified, the Supplier Code of Conduct allows Heidelberg Materials or authorised persons to carry out measures such as self-assessments, training, and audits to verify compliance with human rights obligations and mitigate identified risks.

The Supplier Code of Conduct applies worldwide to suppliers of all business lines in the upstream value chain. The Supplier Code of Conduct falls within the scope of responsibility of the Chief Financial Officer.

The code aims to uphold international occupational safety and well-being standards and implement appropriate compliance management systems. Our compliance management system is designed to meet the requirements of the United Nations Guiding Principles on Business and Human Rights, the core labour standards of the International Labour Organization (ILO), and the German Supply Chain Due Diligence Act (LkSG).

Visitor Contractor Safety Standard

The Visitor Contractor Safety Standard contains the occupational safety requirements at Heidelberg Materials locations to minimise negative impacts on the health and safety of visitors and workers of contractors in the upstream and downstream value chain. This includes, among other things, the provision of occupational safety information to visitors and ensuring contractors and their subcontractors comply with safety regulations. The aim is to prevent accidents and injuries and to advance awareness of occupational safety measures. The standard addresses the impact regarding the material topic health and safety.

The Visitor Contractor Safety Standard applies to all locations in the upstream value chain and to own operations where Heidelberg Materials exercises management control. Local management and the Chairman of the Managing Board are responsible for the standard's implementation.

The standard is made available to contractors and their workers. Heidelberg Materials' subsidiaries also verify compliance with safe working conditions and oblige contractors to train their workers in accordance with general expectations and requirements for the contracted work as well as applicable laws and regulations.

Code of Business Conduct

The Code of Business Conduct is described in the **Policies section of the Own workforce chapter** and also applies to workers in the upstream and downstream value chain. The Code of Business Conduct addresses the impacts on the material topics of working conditions and other work-related rights.

Compliance with the Code of Business Conduct is the responsibility of each and every individual. The Code of Business Conduct takes a clear stand against modern slavery, forced labour, child labour, and human trafficking, and explicitly states that such practices will not be tolerated by Heidelberg Materials or its business partners.

Global Procurement Policy/Responsible Procurement Procedure

The Global Procurement Policy defines guidelines for Heidelberg Materials' supplier relationships and procurement activities in reference to the Supplier Code of Conduct, the Code of Business Conduct, the Occupational Health & Safety Policy, and other company policies. The Global Procurement Policy addresses the impacts regarding the material topics working conditions and other work-related rights. Compliance is monitored by means of close cooperation with suppliers and an internally developed risk management programme.

The Global Procurement Policy applies worldwide to suppliers of all business lines in the upstream value chain. It is supplemented by the Responsible Procurement Procedure for the implementation of the Responsible Procurement initiative with the aim of establishing a responsible supply chain with the involvement of local suppliers. The Responsible Procurement Procedure addresses the recognition of human rights and environmental protection requirements, as well as adherence to compliance guidelines. The Global Procurement Policy and the Responsible Procurement Procedure are the responsibility of the Chief Financial Officer.

Policy Statement on Human Rights

The Policy Statement on Human Rights is described in the **Policies section of the Own workforce chapter** and is applicable not only for the Group's own employees, but also workers in the upstream and downstream value chain. Among other aspects, it covers occupational safety, environmental protection, human rights, and general compliance, which are considered when assessing new and existing supplier relationships. The Policy Statement on Human Rights addresses the impacts regarding the material topics working conditions and other work-related rights.

Group Human Rights Compliance Management Policy

The Group Human Rights Compliance Management Policy, which is described in the **Policies section of the Own workforce chapter**, defines the framework for Heidelberg Materials' human rights compliance management system. It addresses the impacts regarding the material topics working conditions and other work-related rights.

Engaging with value chain workers

Heidelberg Materials cooperates with workers in the value chain in various ways, including through supplier discussions and surveys, supplier days, and trainings on safety and sustainability matters. In addition, we use information available from sources such as the risk assessment system to analyse human rights risks in certain industries and countries, and incorporate the perspective of workers in the supply chain. This analysis also covers risks of discrimination against marginalised groups.

Heidelberg Materials assesses the effectiveness of its cooperation with workers in the value chain through various measures, such as health and safety trainings with a focus on contractors.

These training activities are designed to ensure all workers can carry out their tasks properly and in strict compliance with safety regulations. Through these measures, we not only ensure safety in the workplace, but also promote a culture of vigilance and responsibility.

Actions

To promote fair working conditions and compliance with work-related rights in the value chain, Heidelberg Materials is committed to responsible procurement. The actions described below apply across the Group and extend to the upstream value chain, unless otherwise indicated. The intention is to maintain these measures permanently and develop them further if necessary. The actions described are intended to prevent or reduce negative impacts.

Safeguarding delivery times, protection standards, and due diligence procedures

In the reporting year, Heidelberg Materials took measures across the Group to avoid unexpected changes to delivery times, implement high protection standards for subcontractors, and carry out annual due diligence procedures. These measures support compliance with the Occupational Health and Safety Policy and the Policy Statement on Human Rights (see **Policies section of the Own workforce chapter**). Partners such as Ariba, IntegrityNext, and Avetta help us to monitor and ensure suppliers' compliance with the Supplier Code of Conduct and other sustainability expectations. Suppliers are required, among other things, to provide information on whether they recognise and are committed to complying with various human rights standards and minimum requirements regarding child labour, forced labour, and abuse; working conditions and wages; freedom of association and collective bargaining (including the recognition and promotion of the fundamental right of workers to form trade unions and the right to collective bargaining); and equality and non-discrimination. As a result, workers of suppliers are protected from additional pressure, and potential negative impacts on human rights are identified and mitigated. The audits are repeated annually with the support of our partners to account for new or changed business relationships with suppliers.

As part of the due diligence process to verify supplier compliance with human rights standards, Heidelberg Materials has identified situations in the reporting year that could pose a potential risk to compliance with these standards. In Group countries where material negative impacts are identified, an expert group led by the local human rights officer begins an analysis of the impacts and the groups affected. The expert group then determines which remedial actions are necessary, directs them to the relevant portions of the value chain (in the case of suppliers, this may be done with the involvement of the local Procurement department), and documents this process in the case management system. This approach has led to the implementation of appropriate measures by suppliers that previously did not have a code of conduct or had not been monitoring their suppliers' compliance with social obligations. The frequency of checks can vary greatly depending on the urgency and severity of the impacts. The effectiveness of the actions is reviewed as part of the annual risk analysis cycle. The human rights coordinators assess whether the risk has changed, in particular whether it has been reduced. If a reduction in risk is identified, this indicates that the actions taken are effective.

Risk assessment in the supply chain and responsible procurement

In the reporting year, Heidelberg Materials implemented various measures as part of the Responsible Procurement initiative. The measures support the targets of the procurement strategy and the Global Procurement Policy by setting up a dedicated working group, implementing a global risk assessment programme, performing risk matrix analyses, and continuously auditing and assessing suppliers. Supplier compliance with sustainability standards is implemented and continuously developed in cooperation with experts from the Group departments ESG, Human Rights, Compliance, Health & Safety, and Procurement in the individual country organisations and at Group level. Information about supplier risks and sustainability assessments by partners IntegrityNext and Avetta are made available on the Group-wide Ariba platform, where they can be used as a basis for procurement decisions. All suppliers who register on the platform commit to compliance with our Supplier Code of Conduct. The system further supports the Procurement department by alerting it about negative reporting in connection with suppliers working for us, for example in the event of compliance problems. In addition, the Responsible Procurement Procedure previously described (see **Policies section**) applies to employees working in procurement at Heidelberg Materials worldwide and contains important guidelines for dealing with suppliers. Furthermore, mandatory human rights training for employees in Heidelberg Materials' Procurement function is an additional cornerstone in the development of a responsible supply chain.

Continuous dialogue between Heidelberg Materials and its suppliers advances transparency in dealing with human rights issues. Among other channels, this dialogue takes place via the supplier days event format.

Health and safety

When selecting contractors, Heidelberg Materials reviews their occupational safety performance and whether they have received the training and obtained the qualifications necessary to perform the job in question, in accordance with the Visitor Contractor Safety Standard. Before work begins, contractors must provide Heidelberg Materials with safety-related documents, records, and information, including work procedures, as-built drawings, and test reports. Occupational safety requirements and risks are defined in contracts with contractors to ensure safety requirements are met and monitored. The scope of work, risk assessments, technical capabilities of the contractors, and expected duration of the work are specified in the corresponding contracts. The relevant contractor must carry out a risk assessment, accounting for local circumstances and the scope of the contracted work. Depending on the results of the risk assessment, the contractor should formulate and document safe work procedures before commencing work. Further measures relevant for contractors in the upstream and downstream value chain regarding health and safety are described in the **Actions section of the Own workforce chapter**.

Supplier risk management

In the reporting year, Heidelberg Materials implemented various measures relating to supplier risk management that strive to fulfil the requirements of the German Supply Chain Due Diligence Act (LkSG). Steps taken include engaging with local communities and neighbourhoods and minimising prioritised risks through appropriate procurement strategies and practices. The measures help to identify potential human rights violations at an early stage, develop appropriate strategies, and adapt processes. Action also includes raising awareness through training (e.g. in the form of occupational safety training for service providers on site at our plants or online), information events, and supplier discussions, actively monitoring the media and sanctions lists, and implementing auditing processes. The target cost analyses are performed for transport service providers to realistically calculate the share of labour costs in the total price while taking into account local minimum wages, to ensure the workers of contractors are paid adequate wages.

Combating forced labour and child labour

We do not tolerate forced or child labour in our value chain. The company demands compliance with the Supplier Code of Conduct and works with partners to combat child and forced labour (see **Actions section of the Own workforce chapter**).

Targets and metrics

As part of the **Sustainability Commitments 2030** approved by the Managing Board, Heidelberg Materials has set itself a Group-wide target for the upstream value chain to establish a sustainable supplier framework. The target was defined together with all relevant internal departments at Heidelberg Materials.

The metric is measured and monitored internally on a quarterly basis without further stakeholder involvement. Opportunities for improvement can be identified as part of the quarterly analysis to enable target achievement in the event of deviations. Direct interaction with suppliers provides insights on how they handle potential risks and opportunities, as well as potential areas for improvement. When potential for improvement is identified, this is discussed with suppliers and after implementation, reflected in an increased metric (Supplier Sustainability Performance Rate).

Supplier Sustainability Performance Rate

The Supplier Sustainability Performance Rate indicates the percentage of Heidelberg Materials' expenditure with critical suppliers that have received a green ESG rating from our partner IntegrityNext. Heidelberg Materials defines critical suppliers as worldwide suppliers that are crucial for its core business and/or able to influence the performance of its supply chains and locations. The target supports the achievement of SDG 8 ("Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all"). In pursuit of this target, we collaborate with suppliers to improve working conditions for workers in the upstream value chain.

By 2030, we want 80% of our critical supplier expenditure to be with suppliers endorsed with a green ESG rating. In 2024, the metric was 64% (previous year: 53%). The target is measured as a percentage of the procurement volume from critical suppliers with a green ESG rating relative to the procurement volume from all critical suppliers. The baseline value is the procurement volume from critical suppliers in the respective previous year. The base year is 2023. The target is not based on scientific evidence.

After reviewing the necessary data, the Responsible Procurement team invites critical suppliers to be assessed by our partner IntegrityNext. The assessment includes, among other aspects, an examination of action taken by suppliers to address working conditions, such as fair remuneration for workers, freedom of association and assembly, occupational safety, and the prevention of forced or child labour. A supplier can only receive a green ESG rating if they offer full transparency in answering extensive ESG questions and if the assessment by IntegrityNext does not reveal any significant risks in the above-mentioned topic areas.

The following significant assumptions were made when defining the target:

- Suppliers demonstrating a high level of transparency on sustainability matters place more value on implementing and following up on these sustainability matters (sustainability performance).
- The higher the sustainability performance of our critical suppliers, the lower the risk of potentially negative impacts on workers.

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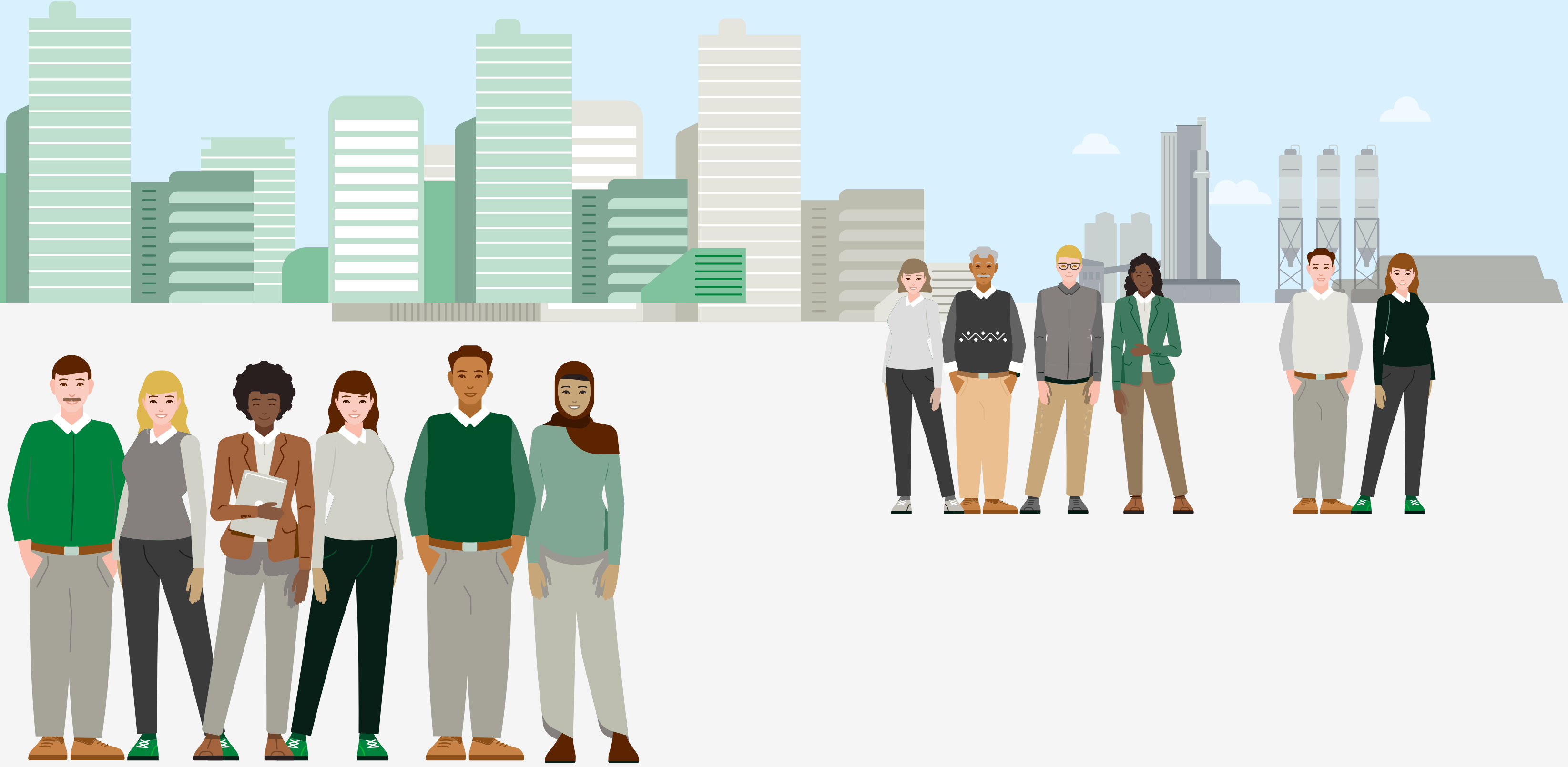
Impacts, risks, and opportunities

Affected communities



Impact materiality

Negative impacts

Positive impacts

Financial materiality

Risks

Opportunities

Communities' economic, social and cultural rights (Security-related impacts)
Increased security, improved infrastructure, and community development through well-planned building projects and consideration of community needs, promotion of economic development at our locations
● + up own down

Communities' economic, social and cultural rights (Security-related impacts)
Potential social tensions and security concerns among the local population due to the presence of external workers and the intensive transportation of materials near residential areas
◌ – up own down

Communities' economic, social and cultural rights (Adequate food)
Reduction of arable land at individual locations
● – up own down

Communities' economic, social and cultural rights (Adequate housing and Land-related impacts)
Resettlements, adverse effects on neighbourhoods due to noise and dust pollution and changes to the landscape
● – up own down

Communities' economic, social and cultural rights (Water and sanitation)
Potential impairment of local water sources, drinking water supply, and water quality
◌ – up own down

Communities' civil and political rights (Freedom of expression & Freedom of assembly)
Promotion of freedom of expression in local communities through dialogue on the impact of newly established or expanded production sites on living conditions. The dialogue strengthens the community and enables more sustainable resource management
◌ + up own down

Rights of indigenous peoples (Free, prior, and informed consent, Self-determination & Cultural rights)
Possible infringement of the rights of indigenous communities, as well as social and cultural restrictions due to the alteration of land, particularly regarding free, prior, and informed consent
◌ – up own down

Material impacts and their interaction with strategy and business model

Some of the impacts that the building materials industry can have on surrounding communities have to do with resettlement, adverse effects on of the neighbourhood due to noise and dust pollution, and changes in land use, etc. The presence of external workers can create social tensions and security concerns among the local population. The rights of indigenous communities, as well as social and cultural restrictions can be affected by land alteration. Water consumption is one of the most important impacts of the building materials industry on people, since it could limit local populations' access to this resource. Furthermore, the health of the population could be affected by exposure to noise and dust, caused by increasing road traffic in the vicinity of our production sites, among other factors.

In line with the **Sustainability Commitments 2030**, our objective of building a safe & inclusive future, and the related United Nations Sustainable Development Goals (UN SDGs), Heidelberg Materials is actively involved in the communities surrounding its locations.

To ensure transparency and compliance with company strategy, Heidelberg Materials classifies corporate social responsibility (CSR) spending and volunteer projects into the following fixed categories: environment, education, infrastructure, and culture. CSR activities and volunteering are tools for generating positive social and environmental impact around our locations in a targeted manner. These activities include contributing to increased safety, improved infrastructure, and the development of communities through well-planned building projects, as well as promoting economic development at our locations. By setting concrete targets and processes, we aim to reduce our environmental impact on the land and the associated negative impact on communities. In our CSR strategy, we incorporate the economic, social, cultural, and political rights of communities as well as the rights of indigenous peoples. We promote freedom of expression in local communities through dialogue on the impact of newly established or expanded production sites on the living conditions of surrounding communities. The dialogue strengthens the community and enables more sustainable resource management.

We are convinced that this interaction and our activities have a positive social impact and we are striving to reinforce this. To maintain mutually beneficial relationships, we ensure dialogue between key stakeholders and locations at Group country or regional level. Potential concerns and opportunities need to be addressed, community needs to be understood, and neighbouring communities need to be empowered. Identifying stakeholders is conducted on a local level. By 2030, we aim to regularly strengthen relationships with the communities at our plants as part of medium to long-term planning. This should allow us to implement measures effectively and, if necessary, to take corrective actions.

Our local human rights coordinators, in turn, identify potential and actual negative impacts on the communities in the vicinity of our production sites and recommend appropriate preventive and remedial measures. Our aim is to minimise negative impacts on the daily lives of local people, their health, security, well-being, and the socio-economic environment as a whole. The Chief Sustainability and New Technologies Officer (CSO) is responsible for community engagement and related actions at Managing Board level, while country managers are responsible for implementing policies and achieving related targets.

The impacts identified in the materiality analysis regarding the economic, social, cultural, and political rights of communities and the rights of indigenous peoples are particularly relevant to the extraction of raw materials in quarries and are considered widespread. The building materials industry in general faces increased risk and related challenges related to land rights. These challenges include access to land for agriculture, land use change, and resettlement of communities.

There may also potentially be significant negative impacts in terms of cultural rights if the site has archaeological or religious significance for the community, for example. Additionally, mining activities can lead to changes in traditional living spaces, the loss of cultural heritage, and environmental pollution. To avoid and reduce these potential negative effects, we maintain dialogue with communities. Developing and monitoring community engagement plans as well as discussions with stakeholders are tools to promote dialogue and incorporate stakeholder interests.

As a global company with a strong regional business focus, we operate at many locations worldwide. Our quarrying and production sites are generally designed for a service life of several decades. To maintain acceptance of our business activities at the locations over these long periods and to fulfil our social responsibility, we are active in the communities close to our plants. In addition to creating jobs, we promote economic development through wages, investment, local procurement, and taxes. One of our major contributions in this regard is the construction of schools and training centres. This contribution improves the economic development of the neighbouring communities in the long term and promotes access to education and jobs.

Through these measures, we are helping to create sustainable development opportunities and improve the quality of life of the local population. Our efforts are not only focused on economic aspects, but also environmental and social initiatives that have a long-term positive impact on the region. This approach is anchored in our Community Engagement Policy and is reflected in the four pillars of our CSR strategy.

Our practice of dialogue and community engagement should have a positive impact on freedom of expression and the empowerment of affected groups. Through consultation and transparent communication, we want to give due recognition to the voices of communities regarding the impact of our production sites on their living conditions and take their concerns into account. This should not only strengthen the community, but also promote more sustainable resource management.

Affected communities

In addition to Heidelberg Materials' own operational activities, surrounding communities may also be affected by the upstream and downstream value chain and our business relationships. The stakeholder groups are classified according to criteria such as geographical proximity and interest and include political and administrative units such as municipalities and authorities as well as local organisations and religious or cultural groups that have a connection to the respective location.

Communities near extraction sites may be affected by changes to the landscape as well as the activities of Heidelberg Materials' suppliers. Furthermore, our production activities can for example affect local communities by impacting the availability of water resources or the health and well-being of the population through exposure to dust or noise, such as that caused by increased road traffic or vibrations. Groundwater levels, which are part of the drinking water supply, can be affected by our use of water as part of our business activities. There is also a potential risk that the water quality of neighbouring bodies of water could be impaired by mining processes and wastewater. Near suppliers' production sites, other communities may be affected by adverse impacts on local water sources and biodiversity as well as social tensions and safety concerns due to the presence of external workers and the intensive transportation of materials near residential areas, etc.

We take the concerns of communities, including those of indigenous peoples, and their cultural rights into account as an important part of our due diligence before investing in brownfield and greenfield projects. For example, we respect archaeological or religious sites and strive to protect traditional habitats. We have created open communication channels and are in dialogue with the local communities. This interaction is structured using community engagement plans (see **Actions section**).

Identifying individuals and groups that may potentially be affected by our activities is an essential part of our due diligence. Reports, market analysis, and academic studies offer valuable insights into common human rights challenges and affected groups within the industry, and they help us identify potentially vulnerable individuals. We focus on vulnerable and marginalised individuals and groups, as well as genders whose rights may be particularly threatened. In addition, when applying for mining concessions, we carry out environmental impact assessments as well as social impact studies that focus specifically on the affected communities. In this way, Heidelberg Materials gains an in-depth understanding of which groups of people and their livelihoods are exposed to increased potential risk.

Human rights

Heidelberg Materials is committed to respecting and protecting the human rights of affected communities, particularly those of indigenous peoples. The company has developed and implemented clear processes and mechanisms to monitor compliance with the UN Guiding Principles on Business and Human Rights. We have done the same to monitor compliance with the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises. Heidelberg Materials is also guided by the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social, and Cultural Rights.

The Policy Statement on Human Rights specifically addresses the rights of vulnerable groups, including indigenous peoples. Heidelberg Materials is committed to responsible land use and management, to the prohibition of unlawful evictions, and to the prohibition of the illegal expropriation of land, forests, and bodies of water that provide a livelihood for one or more persons. Heidelberg Materials recognises people's right to self-determination as well as the participation rights of communities that depend on the country in question. Regarding indigenous groups, this includes the rights set out in the ILO Indigenous and Tribal Peoples Convention (No. 169), especially the right of indigenous peoples to free, prior, and informed consent.

In the 2024 financial year, there were no cases in our own operations or in the upstream and downstream value chain in which we were explicitly accused of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises.

Heidelberg Materials recognises the close connection between indigenous peoples and their ancestral lands. If activities affect such areas, our subsidiaries adhere to local regulations to ensure that affected communities are included and can give their prior, free, and informed consent. Even in countries that have not ratified ILO Convention No. 169 (and therefore do not recognise the right of indigenous communities to prior, free, and informed consent), discussions are held with the representatives of such communities. Heidelberg Materials presents the respective project plans to them, listens to the concerns of the communities, and takes their concerns into account in the project analysis. Any necessary remedial measures are taken to avoid potential negative impacts on people and the environment. If, for example, monuments need to be moved, consultations are conducted. Contact is made with representatives of the local communities to take their rites and traditions into account. The procedures, required ceremonies, and the location chosen by the community are determined.

We are committed to complying with local regulations to obtain and maintain the necessary permits for our business activities. Responsibility for compliance with and implementation of all measures lies with the management of the respective country organisations. The Finance Directors bear the final responsibility for all expenditures related to CSR measures. If changes to project plans or specific measures are required to prevent or mitigate negative impacts, such changes will be implemented in consultation with the affected communities and in close coordination with local stakeholders. Typical examples of such remedial measures include compensation payments for land, the planting of new vegetation, and – if necessary – the resettlement of those affected, with an emphasis on transparent communication and fair solutions. Through ongoing dialogue with affected communities, we assess whether the remedial measures taken have been effective and adjust our measures as necessary.

Remedial measures to deal with negative impacts usually comprise a combination of different elements. Depending on the impact at the particular location, targeted measures such as regular road washing, systematic inspections, maintenance of the road surface to reduce the accumulation of fine sediment, and the setting of speed limits for service vehicles can be implemented.

Appropriate remedial measures for the negative impacts typically associated with the building materials sector include relocating people to places of equal or better value, restoring the land used, and promoting economic opportunities for the affected communities.

In order to be able to respond to human rights and environmental impacts affecting the communities concerned, our company conducts regular stakeholder assessments at plant level in the cement, aggregates, and ready-mixed concrete business lines. These assessments are the responsibility of the respective country organisations and help us to identify and adapt specific measures that can specifically improve both the social and environmental conditions of the communities. They become part of the community engagement plans.

Heidelberg Materials takes seriously every suspicion or concrete indication of a human rights or environmental protection violation in its own operations and along the upstream and downstream value chain. Complaints from affected communities can be reported through a variety of channels, such as email, telephone, and via the whistle-blower system SpeakUp. This system is available across the Group and to people outside the organisation. The way SpeakUp works, its availability, and how its effectiveness is monitored are described in the **Whistle-blower system sections of the Own workforce** and **Corporate governance chapters**. In addition, subsidiaries of Heidelberg Materials at production sites are in regular contact with members of potentially affected communities, such as during town hall meetings.

We have not received any reports of serious incidents in affected communities via SpeakUp or any other channel.

Policies

Heidelberg Materials has developed policies to manage the material social, environmental, and economic impacts on affected communities. These aim to promote sustainable development, infrastructure, education, culture, and the environment, as well as economic growth in the regions in which we operate. We respect the rights of our stakeholders when acquiring, developing, or using land, forests, and water. We recognise applicable national and international laws, including the right to free, prior, and informed consent, and carry out required environmental impact assessments. In addition, we respect the human rights of individuals and associations working to protect land, forests, and water, as well as their right to peaceful protest and freedom of expression. The policies apply to all Group countries and are applicable across all business lines.

Community Engagement Policy (including Corporate Volunteering Policy)

With its Community Engagement Policy, supplemented by its Corporate Volunteering Policy, Heidelberg Materials aims to support local communities through engagement in matters relating to culture, the environment, infrastructure, and education. These four key pillars provide a framework for our CSR activities that is intended to ensure transparency and traceability and thus prevent corruption. By focusing our CSR engagement in areas which align with our expertise, our corporate values, and global objectives, we can add the greatest possible value for society and our business. Local management is responsible for overseeing compliance with the policy. Internal and external audits and spot checks are carried out to ensure implementation.

The scope of the policy extends worldwide to Heidelberg Materials AG and to all directly or indirectly controlled companies in its own operations. The implementation of the policy is the responsibility of the Chief Sustainability & New Technologies Officer (CSO).

The interests of various partners from industry, associations, and governmental and non-governmental organisations as well as universities and research institutions were considered when developing the policy. The policy can be accessed externally via the **website**.

Responsible Land Use Policy

The Responsible Land Use Policy addresses Heidelberg Materials' commitment to biodiversity conservation and the land rights of indigenous peoples. It defines the most important principles for the management and development of land. The policy also serves as a guide for dealing with local communities and considers the role of land as a resource. The Responsible Land Use Policy includes the company's commitment to responsible land management to protect and improve biodiversity and people's living conditions. It aims to prevent harmful soil change, water pollution, and excessive water consumption, as well as to protect local water resources through water quality monitoring. The policy addresses the impacts associated with the material topics Communities' economic, social, and cultural rights, Communities' civil and political rights, and Rights of indigenous peoples.

The scope of the policy extends to Heidelberg Materials AG and all directly or indirectly controlled companies in the upstream value chain and in its own operations.

The policy encompasses the following stakeholder groups: local communities, public authorities, and other stakeholders who are involved in the process of land use and reclamation. The policy falls under the responsibility of the Chief Sustainability and New Technologies Officer (CSO), who is a member of the Managing Board.

Policy Statement on Human Rights

Heidelberg Materials' Policy Statement on Human Rights is described in the **Policies section of the Own workforce chapter** and relates not only to the Group's own employees, but also affected communities. The policy addresses the impacts associated with the material topics Communities' economic, social, and cultural rights, Communities' civil and political rights, and Rights of indigenous peoples.

Code of Business Conduct

Heidelberg Materials' Code of Business Conduct is described in the **Policies section of the Own workforce chapter** and applies to affected communities. In it, we describe how we prevent and minimise human rights risks in our working environment through continuous dialogue with local people, organisations, and authorities. The primary aim of these efforts is to ensure the well-being of the people who live in the vicinity of our sites. In this way, we actively strengthen economic and social development in the countries and regions in which we operate. The Code of Business Conduct addresses the impacts related to the material topics Communities' civil and political rights, and Rights of indigenous peoples.

Processes for engaging with affected communities

Heidelberg Materials engages local communities through various dialogue formats. These strategies also include long-term partnerships with non-governmental and non-profit organisations. The company keeps the local communities and stakeholders informed via newsletters and open days, for example.

In line with the Community Engagement Policy, Heidelberg Materials interacts with stakeholders such as municipalities, government agencies, and local organisations and informs them at an early stage about our planned projects at locations. In Egypt, for example, annual stakeholder meetings are organised to promote active dialogue and familiarise relevant stakeholders with the issues. Operational responsibility for incorporating the perspectives of affected communities and implementing the results initially lies with the plant managers. They use a variety of communication tools to initiate dialogue with local people and organisations. The concerns of local stakeholders 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 and concerns regarding imminent modernisation and expansion measures.

Heidelberg Materials strives to reconcile the interests of the company with those of the local communities. In the event of controversies in the vicinity of the locations, such as issues like emissions, (increased) truck traffic, or noise, the company responds promptly to complaints wherever possible and provides information to address uncertainties and misgivings.

Heidelberg Materials also involves local stakeholders at an early stage when planning investment projects, such as by holding information and discussion events. By 2030, all Heidelberg Materials locations are to have community engagement plans in place and adhere to them. This is intended to ensure greater structure and regularity for the often already existing dialogue with local stakeholders.

The community engagement plans help us to stay in touch with affected communities and understand their concerns. In this way, we can work together to find ways to minimise the social, economic, and environmental impact of our activities in the local communities. The community engagement plans aim to build and maintain constructive and positive relationships with local communities and neighbours. Furthermore, the aim is to minimise the possibility of a deterioration in quality of life due to increased noise and dust pollution or potential tensions and security concerns among the local population due to the presence of external workers and the intensive transportation of materials near residential areas. Community Engagement Plans are designed to address the needs of communities and promote economic development at our locations.

Heidelberg Materials reviews the implementation of community engagement plans on a quarterly basis. This allows us to track progress towards our target at all locations.

Community engagement activities and best practices are shared internally at meetings of the global ESG coordinators and, where possible, applied to other Group countries and plants. In some Group countries, there are roundtable events to which stakeholders identified as relevant are invited and given the opportunity to contribute their views, concerns, and requests. These discussions result in measures and plans produced collectively. For projects that are implemented in cooperation with partners, metrics and targets are defined before the start of the project in order to evaluate the progress in the best possible way.

Dialogue formats and location-specific complaint management make it possible to obtain direct feedback from those affected and can be used to monitor the effectiveness of measures taken. Plant-specific community engagement plans often include a stakeholder matrix, which is used to select and monitor the effectiveness of defined or proposed activities. In addition, all voluntary projects are documented in accordance with the four CSR pillars to ensure that the measures contribute efficiently and sustainably to improving the communities concerned.

One example of how the perspectives of affected communities have influenced the decisions or activities of Heidelberg Materials is a practice-oriented training project in the construction trade in West Africa. Community feedback played a vital role in this project, which was implemented in partnership with the German Agency for International Cooperation as well as local partners. The local population in Togo highlighted the need for qualified professionals in the construction industry, especially regarding the use of sustainable and modern building materials. To meet this need, Heidelberg Materials invested in a training center that trains local workers in the application of new construction practices, thus improving employment opportunities in the region. This project shows how local needs for additional jobs and practical training can be met and how Heidelberg Materials can contribute to the development of local infrastructure and economy.

Another example relates to the management of a car park located on a plot of land acquired by our subsidiary in Togo. This land originally belonged to the affected community. The use of the car park has led to tensions with neighbouring communities over the years. After ongoing dialogue between the plant management and representatives from the community, it was agreed that the community would nominate companies from the region to take part in the tender so that the administration could be handled by local residents. This decision was made by Heidelberg Materials with input from the affected communities, and the relevant service provider was commissioned.

Actions

The following measures apply worldwide to Heidelberg Materials' own operational activities as well as to its upstream and downstream value chain. We intend to maintain our commitment to specific projects and/or regions and, if necessary, intensify this commitment to achieve long-term positive effects and promote the objectives of our policies.

Heidelberg Materials ensures that there are effective procedures for the implementation of remedial action in the event of significant adverse impacts through several mechanisms. This includes regularly monitoring and assessing the impact of our own operations on the environment and communities to identify negative impacts at an early stage. Where necessary, specific remedial measures are developed and implemented, including measures for the creation of biodiversity management plans and community engagement plans. The focus is on minimising damage and restoring affected areas. In addition, these measures are developed in consultation with the affected stakeholders to ensure that they are effective and accepted. Heidelberg Materials integrates these processes into its governance structures and monitors the implementation and results of remedial actions to ensure that they serve their intended purpose.

Community engagement plans

The measures set out in the community engagement plans consider local conditions, such as those characterised by the respective land and population structure. Dialogue with and feedback from local stakeholders are incorporated into the revision and updating of the plans. The measures include building a long-term, positive relationship with the communities, improving communication and transparency, minimising the negative impact of the company's activities (e.g. in relation to potential social tensions and (security) concerns of local communities). The measures also include considering the needs and expectations of communities, strengthening social acceptance, ensuring our licence to operate, and promoting sustainable development projects for long-term added value.

Members of the neighbouring communities can avail themselves of the opportunity to visit the plant to raise awareness of our business activities as a basis for mutual exchange. In the event of dust pollution, dust suppression technologies are used to reduce the impact on the surrounding communities. Usually, this involves wetting the roads and using sweepers. For example, in the vicinity of a German plant, the assumption of costs for the use of washing systems or cleaning services for cars is offered in the event of acute dust pollution from trucks or other plant vehicles. In addition, measures such as donations for kindergartens and schools (monetary or as donations in kind, such as sand) are also arranged.

The development and implementation of community engagement plans by 2030 is mandatory at all company locations.

Societal engagement and information exchange

During the reporting year, Heidelberg Materials engaged in regular dialogue, at country, regional, and location level. The company also implemented various measures relating to social engagement. Voluntary activities include monetary or in-kind donations, partnerships, sponsorships, and volunteer work by employees in the fields of culture, education, environment, and infrastructure. The aim is to improve the quality of life in the surrounding communities and to promote their socio-economic development.

By collaborating with various partners from industry, trade associations, governmental and non-governmental organisations, as well as universities and research institutions, Heidelberg Materials strives to develop suitable solutions and minimise any negative impacts resulting from our business activities. Engaging with key stakeholders enables us to better understand their needs and incorporate them into our measures, which helps us achieve the objectives of our Community Engagement Policy.

The scope of these measures extends to activities within the company's own operations and the upstream value chain, with a focus on local communities as key stakeholders.

Responsible land use

Heidelberg Materials recognises the central importance of consultation and fair compensation for affected groups when it comes to land use. Heidelberg Materials acquires and maintains land for its core operating business. The Competence Center Aggregates (CCA) helps to continuously improve and implement the real estate portfolio strategy across the Group. This approach includes responsible measures relating to the acquisition, planning, and development of land, as well as to the operation and closure of locations.

Heidelberg Materials takes a comprehensive approach to minimising negative impacts on communities to ensure responsible land management. Measures include the gradual recultivation and creation of compensation areas during ongoing operations and the implementation of restoration plans in consultation with local stakeholders. In addition, measures are being taken to promote biodiversity. Heidelberg Materials respects the exercise of land rights and acts with care when acquiring or leasing land in conflict and post-conflict regions, and it strives to adhere to the rules of international humanitarian law.

As part of its **Sustainability Commitments 2030**, Heidelberg Materials aims to ensure that all quarries have reclamation plans in place and that they take both environmental and social considerations into account at a local and global level.

Water management and protection of water resources

By means of active water management and the implementation of our water management plans, water resources will be conserved, utilised more efficiently, and recycled. By taking measures to reduce water consumption and pollution, we strive to prevent local water sources from being depleted or polluted and drinking water supply and quality from being adversely affected. The involvement of stakeholders is intended to ensure that the needs of the community are considered and potential conflicts are avoided. In addition, the water management plans promote water reclamation, which can reduce pressure on local water resources and improve the quality of life of communities. The measures implemented by Heidelberg Materials in the reporting year for comprehensive water management and protection of water resources have been outlined in the **Actions section of the Water and marine resources chapter**.

In the 2024 financial year, Heidelberg Materials allocated €9.7 million (previous year: 8.6) for CSR-activities. This amount includes funding for apprenticeships and employee training, infrastructure, culture, and the environment. We use these financial resources to contribute towards SDGs 9, 12, and 15, which have been identified as relevant to Heidelberg Materials. Heidelberg Materials reports on how the company is meeting its commitments by means of investments in restoration projects, biodiversity management, and community programmes, etc. Providing this information in our reporting enables stakeholders to gain an understanding of how the company is managing its material impacts and the progress it has made in implementing the relevant measures.

Targets and metrics

By working with local communities and developing community engagement plans, we aim to ensure that the company's activities are aligned with the needs and expectations of communities. This can help build community trust and acceptance, thus reducing the risk of tensions and negative impacts. Heidelberg Materials has thus set company-wide community engagement targets. The targets focus on Communities' economic, social, and cultural rights, Communities' civil and political rights, and Rights of indigenous peoples.

In our **Sustainability Commitments 2030**, we have stipulated that there should be community engagement plans at all (100%) of our locations by 2030.

Systematic recording of community engagement plans in the cement and aggregates business lines began in the second quarter of 2024. The data is recorded in a global sustainability reporting system. As at the end of the financial year, 72% of our sites in these two business lines had a community engagement plan.

In the reporting year, Heidelberg Materials employees were given the option of taking one day of paid leave per year to do voluntary work. As a result, Volunteering Day has been systematically rolled out globally with registration handled centrally.

Corporate Citizenship

	2023	2024	Unit
CSR spend	8.6	9.7	million €
Share of sites with community engagement plan [1]	–	72	%

1) Figures were collected for the first time in 2024. Includes the business lines cement and aggregates.

The targets were defined internally in cooperation with the relevant company departments at Heidelberg Materials and are part of the **Sustainability Commitments 2030**, which have been approved by the Managing Board.

Heidelberg Materials reviews the collected data annually to gain insights into the effectiveness of the measures implemented. These evaluations are carried out at both project and company level and provide a basis for tailoring our measures to the needs of local communities. Findings from the tracking of targets are used to develop new strategies and share best practices. In addition, these findings are integrated into the planning of future CSR and ESG initiatives to ensure that the projects will be effective in the long term.

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Impacts, risks, and opportunities

Consumers and end-users

Impact materiality

Negative impacts

Positive impacts

Financial materiality

Risks

Opportunities

Information-related impacts for consumers and/or end-users (Access to (quality) information & Privacy)
Potential sharing and loss of end-user data, such as data on integrated smart technologies due to unauthorised data collection and failure to protect end-user data
− up own **down**

Information-related impacts for consumers and/or end-users (Access to (quality) information)
Our digital solutions (e.g. OnSite app) allow customers to order materials directly, track shipping and arrival of the order, and save costs by minimising overproduction and optimising logistics.
● + up own **down**

Social inclusion of consumers and/or end-users (Access to products and services)
Provision of standard-compliant, high-quality building materials required for durable and safe societal infrastructure
● + up own **down**

Social inclusion of consumers and/or end-users (Access to products and services)
Provision of low-carbon and circular products so our consumers and end-users can achieve their own climate goals
● + up own **down**

Material impacts and their effect on strategy and business model

Concrete and asphalt are indispensable to produce infrastructure and buildings with significant demands for strength and durability. The durability and structural stability of these building materials contribute to the safety and standard of living in modern society. Whether for the construction of robust dams to ensure a secure supply of water or in building wide-span bridges and roads to connect various regions: concrete's properties including its compressive strength, water resistance, and durability, outperform the technical limits of other building materials. Another advantage of concrete is its cost-effectiveness. The fact that it is predominantly made from local raw materials and is easy to process, allows for its widespread use among large portions of the population. This enables low-cost housing and the development of infrastructure in both urban centres and rural areas.

Through digital solutions, we support our customers in reducing material consumption, saving costs, and planning their processes with shipment tracking. The SmartRock app can support the optimisation of concrete mixes and construction projects by monitoring the strength development of concrete on-site with sensors. This enables the minimisation of waiting times and overproduction, which can also reduce costs for construction site facilities. The OnSite app, which allows consumers and end-users to track and customise their ready-mixed concrete deliveries, also supports demand-based ordering to avoid overproduction.

Our sustainable products are designed to reduce impacts on the environment and contribute to the creation of added value for society as a whole, both at national and global levels. Consumers, such as construction companies, can reduce their own Scope 3 emissions in the "Purchased goods and services" category by purchasing low-carbon or circular building materials. With our sustainable product portfolio, we support our customers in conducting their business activities in a more sustainable manner.

As a manufacturer of building materials, Heidelberg Materials strives not only to meet high quality product standards, but also to make a contribution to sustainable transformation through its growing portfolio of sustainable products. Digital solutions, such as those for optimising order processes, are intended to support our customers in handling our products safely and efficiently. The company is committed to complying with data protection regulations and high quality and safety standards for consumers and end-customers.

Climatic conditions must be considered when using our products, as these can affect product resistance and strength. For example, regions with extreme weather conditions such as strong winds, high humidity, or significant temperature fluctuations require materials which are specifically designed to withstand this. Therefore, Heidelberg Materials researches how such environmental factors can influence the safety and functionality of its products and adapts its material compositions and product portfolio accordingly using freeze/thaw and other durability tests (see **Actions section**). Heidelberg Materials advises its consumers and end-users on suitable products for individual construction projects to minimise potential damages.

The significant negative impact on consumers and end-users concerns potential unintended exchange and loss of data. Should this occur, it is attributable to isolated incidents and is not representative of the building materials industry, general business practices, or the quality of products provided by Heidelberg Materials.

Consumers and end-users

End-users and consumers (hereinafter also referred to as customers), who are most likely to be significantly impacted by the activities of Heidelberg Materials were considered when analysing the significant impacts, risks, and opportunities in the downstream value chain (see **Double materiality analysis section in the General disclosures chapter**). Heidelberg Materials serves a wide spectrum of end-users and a very small number of consumers in various market segments who have specific needs and requirements for building materials and solutions. Heidelberg Materials is primarily active in the B2B sector.

- Residential building construction: private developers and families are the main customers for house, medium-density housing complex, and apartment projects, with social housing projects managed by non-profit and government institutions for disadvantaged population groups.
- Public building construction: educational institutions (e.g. schools and universities), health care facilities (e.g. hospitals), and community facilities (e.g. public squares and community centres) are mainly planned and built by the state or municipalities for the common good of the general public.
- Commercial construction: businesses and commercial developers construct office buildings of all sizes, while hotels and leisure facilities are contracted by hospitality entrepreneurs and retailers with property sizes from small to large.
- Industrial construction: industrial facilities of all sizes serve various branches, from small manufacturing enterprises to large industrial complexes, with agricultural buildings used by farmers and agribusinesses.
- Infrastructure projects: the products and services provided by Heidelberg Materials in infrastructure projects are often used to facilitate the mobility of the general public. Infrastructure projects can also serve specific target groups, including transport and logistics companies, water and energy suppliers, telecommunications companies as well as oil, gas, and recycling companies.

Heidelberg Materials recognises that end-users such as private builders are dependent on accurate and accessible information about products and services. This information includes construction regulations and general product information which are essential to avoid using products in a potentially harmful way and to ensure quality standards. Heidelberg Materials mainly advises in this regard, as the building material manufacturers bear primary responsibility for delivering this information to end-users. Heidelberg Materials ensures that product descriptions and safety pamphlets for its products are comprehensive and freely accessible to ensure end-users have the information they need. In addition, Heidelberg Materials strives to secure data in accordance with local applicable regulations to avoid potential loss of sensitive consumer data.

Human rights

Heidelberg Materials is committed to upholding human rights. This commitment is anchored in company policies such as the Policy Statement on Human Rights and the Code of Business Conduct, which also apply to business partners in the downstream value chain (see **Policies section of the Own workforce chapter**). This commitment is based on global values and standards such as the United Nations (UN) Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the ILO's Core Labour Standards, the political and social pacts of the United Nations, and our membership in the UN Global Compact.

In the 2024 reporting year, no substantiated cases of non-compliance with the above principles were reported by consumers and end-users.

If a personal data breach is likely to result in a high risk to the personal rights and freedoms of natural persons (potentially also for customers), Heidelberg Materials shall notify the impacted individual of the data breach in writing and comprehensible form. The notification of the impacted individual shall include a general description of the data breach, the contact details of the Group Data Protection Officer or the local Data Protection Coordinator, a description of the potential consequences of the data breach, and a description of the actions taken or proposed to address the data breach (including measures to mitigate its potential negative impacts).

Heidelberg Materials has established mechanisms to remedy any negative impacts on human rights. These include a complaints mechanism that consumers and end-users can use to report violations of data protection, human rights, and other legal obligations by the company. Heidelberg Materials is committed to taking all complaints seriously and acting swiftly to address and correct the situation. This also includes compliance with and awareness of the rights of consumers and end-users concerning data protection.

Heidelberg Materials uses the SpeakUp whistle-blower system, which allows consumers and end-users to report complaints, incidents, and suspected violations anonymously. SpeakUp's functionality, accessibility, and the monitoring of its effectiveness are described in the in the **Whistle-blower system sections in chapters Own workforce** and **Corporate governance**.

We have not been notified of any severe incidents involving consumers and end-users through SpeakUp or any other channels.

Policies

The policies outlined below address the different types of consumers and end-users described above and apply to the downstream value chain.

Product data sheets and declaration of performance

We provide specific product data sheets for our products, which include product properties as well as safety instructions for product handling. The product data sheets and declarations of performance address the impact regarding the material topic social inclusion of consumers and/or end-users in relation to the provision of standard-compliant building materials.

Building materials are subject to strict quality standards. If supplied products do not meet the prescribed standards or the customer's quality requirements, we risk losing sales volumes, facing claims for damages, and/or damaging relationships with our customers. Heidelberg Materials ensures compliance with these standards at the Group's own and third-party laboratories with strict quality assurance guiding all production steps as well as final inspection. Quality assurance controls are also carried out by independent experts as part of the extensive quality assurance programmes already in place.

Manufacturers are responsible for declaring compliance of building products with EU regulations. This declaration of compliance is represented by the so-called declaration of performance. The declaration of performance is a central component of the European Construction Products Regulation (CPR) and is also a prerequisite for products to receive CE certification.

The product data sheets and declarations of performance fall within the responsibility of the Chief Technical Officer and the technical competence centers.

Circularity Policy

This policy addresses the impact regarding the material topic social inclusion of consumers and/or end-users in relation to the provision of carbon-reduced and circular products. It is outlined in the **Policies section of the Circular economy chapter**.

Framework Data Protection Policy

The Framework Data Protection Policy and the specific guidelines derived from it stress respect for the personal rights and privacy of all persons whose personal data is collected and processed by Heidelberg Materials. The policy aims to ensure that personal data is collected, stored, processed, and protected in accordance with the law. The aim is to oblige all employees to comply with these standards in their daily work to ensure the protection of personal data. The policy addresses the impact associated with the material topic information-related impacts for consumers and/or end-users related to data protection. Compliance with the policy is monitored by regular internal checks and audits. These controls and audits are documented and presented to the Managing Board and local management.

The scope of the policy extends to Heidelberg Materials AG and all directly or indirectly controlled companies within the European Economic Area (EEA) as well as to companies outside the EEA, provided they meet the criteria defined in this policy.

The Managing Board and the respective country managers of the Group companies are responsible for compliance with the data protection regulations for their respective areas of management. They must ensure compliance with the legal data protection requirements and the data protection requirements contained in the Framework Data Protection Policy as well as supplementary guidelines.

During drafting of the policy, the interests of the most important stakeholders were included through continuous involvement and systematic recording of their feedback and expectations. The policy is made available for potentially affected stakeholders and those needing support via the company **website** and through direct stakeholder engagement.

Code of Business Conduct

In accordance with the Code of Business Conduct outlined in the **Policies section of the Own workforce chapter**, Heidelberg Materials adheres to high standards for the protection of personal data of employees, customers, suppliers, and other stakeholders. By addressing the issue of integrity and professional behaviour towards our customers and the responsible handling of personal data, the Code of Business Conduct addresses the impact regarding the material topic information-related impacts for consumers and/or end-users.

Group Compliance Incident Reporting & Case Management Policy

The Group Compliance Incident Reporting & Case Management Policy outlined in the **Policies section of the Own workforce chapter** also contains rules for reports from third parties regarding data protection.

Procedures for engaging with consumers and end-users

Heidelberg Materials works with consumers and end-users to better understand and meet their needs and requirements. This collaboration takes place through various forms of interaction such as in-person conversations, customer events, surveys (e.g. user experience (UX) research project on environmental product data sheets and data availability), sustainability academies, trade-fair appearances, school and university events, social media, newsletters, podcasts (e.g. interviews with our CSO on the topic of decarbonisation) and digital services such as online consulting. In many countries, Heidelberg Materials offers online and live events for contractors, architects, and construction companies to provide important background knowledge and make it easier to compare and utilise our products. In addition, our Group departments Global Innovation Hub, Global Research and Development, as well as local innovation departments in the country organisations collaborate with customers for the development of new and innovative business areas for sustainable products.

Customer feedback is used to improve and enhance product design already in the product development phase. The responsible departments are integrated into the country organisations and often work directly with customers to adapt products to local needs. Close collaboration with the market and regular customer satisfaction surveys enable Heidelberg Materials to systematically collect data for optimisation of products and services and response to market changes.

Throughout the market launch and sales process, customers are provided with training and information events to ensure they understand product features and how to use them. In the event of complaints or returns, customers can reach out to their dedicated local contact partner. We are also active members of Green Building Councils (e.g. the Deutsche Gesellschaft für nachhaltiges Bauen, DGNB) to advance the development of the framework conditions for sustainable products.

The responsible Commercial Directors in the Group countries assess the demand for and acceptance of new sustainable products as part of regular customer visits (frequency varies depending on the type of customer) and drive the development and marketing of such products along the value chain. The development of these products is supported by the Group Research and Development department and the Innovation Hub within the Sustainability Office. The Managing Board and the respective managers of the Group companies are responsible for ensuring compliance with data protection regulations in their respective areas of responsibility.

Actions

Unless otherwise stated, the measures described below apply to the downstream value chain and are intended to be maintained indefinitely and further developed as necessary.

Survey and follow-up of customer satisfaction

Heidelberg Materials continued to conduct customer satisfaction surveys during the reporting year to gain an understanding of consumer needs, expectations, and factors that could lead to dissatisfaction. In this way, we intend to strengthen customer loyalty in the various business lines and to continuously improve our products and services based on regular customer feedback. The information from the net promoter system supports the assessment of customer satisfaction and identifying areas where improvements are needed. The company uses complaint management systems to collect and process customer feedback quickly and efficiently.

evoBuild and sustainability certifications

Under the evoBuild® product brand, we apply internationally harmonised and stringent criteria to our sustainable products. Each product within the evoBuild portfolio must meet specific requirements to be classified as sustainable (see **Targets and metrics section of the Circular economy chapter**). The evoBuild classification is based on Heidelberg Materials' sustainability strategy and is intended to increase transparency towards customers and stakeholders. During 2024, the evoBuild brand was gradually rolled out in the Czech Republic, Spain, Malaysia, Romania, Hungary, Israel, France, Poland, as well as other countries. The respective sustainable products from the cement, ready-mixed concrete, and aggregates business lines are gradually being integrated into the evoBuild portfolio in all Group countries. This underscores the global reach and consistency of the sustainability efforts within Heidelberg Materials' own operations.

To provide additional transparency, we are also gradually certifying our plants following the requirements of the Concrete Sustainability Council (CSC).

These certifications provide our customers with independent verification of our responsible procurement practices and our protection of the environment.

In addition, environmental product declarations (EPDs) ensure transparency by providing detailed and standardised information on a product's environmental impact. This standardisation makes it possible to directly compare the environmental performance of different products. We are increasingly providing our customers with environmental product declarations so they can make informed, fact-based decisions and choose low-carbon or circular products to meet their own climate goals. Environmental product declarations also play an important role in sustainability certification and support the documentation for recognised building certifications such as LEED or BREEAM.

Quality controls and potential complaints

The company is committed to maintaining high quality and safety standards for consumers and end-users. We comply with relevant building standards and regulations, including national and international regulations for building materials. Our products follow industry standards, such as EN 197-1 and EN 206-1, and best practices to ensure reliability and performance.

In the reporting year, Heidelberg Materials continued to conduct regular quality controls on its products by means of in-house monitoring in its product development laboratories as well as external monitoring. Through regular monitoring and review of the specifications, potential for improvement should be identified and implemented and reliable product quality ensured. The responsible managers define test frequencies and target classifications that consider both local and regulatory requirements. Monthly trend and standard deviation analyses help identify and correct deviations. The documentation includes the results of the quality control tests and statistical analyses. The responsible employees are trained to handle the documentation correctly. The results are regularly reviewed during management meetings to continuously improve product quality.

Particularly in the case of innovative materials, there may be concerns about reliability and long-term performance under real-life conditions. To increase customer confidence, all products undergo extensive testing in our research and development department. It is standard and mandatory for construction products to undergo load tests, such as those measuring compressive strength to ensure the durability and performance and optimise product design as required. In addition, innovative binders are subjected to an extensive durability testing programme. Product quality tests in our own laboratories as well as in customer laboratories are conducted to ensure that our building materials meet the required standards and are suitable for the declared use. This ensures that the respective market requirements, such as frost resistance, are met.

Quality controls are carried out in the company's own operations across all business lines.

Customers who wish to file complaints, whether of a technical, logistical, or commercial nature, can reach out to their dedicated local contact partner, usually the sales representative. The responsible departments are directly integrated into the respective country organisations. Depending on the severity of the complaint, the sales representatives may be able to resolve it themselves. If not, the technical competence centers and/or quality control are consulted. In the event of major discrepancies, external advisors may be called in to resolve the issue. These remedial measures support the impact regarding the provision of required and standard-compliant building materials.

Sustainability Academy

In 2024, Heidelberg Materials held information events for customers and imparted knowledge about our sustainability targets and sustainable products at the Sustainability Academies. These events contribute significantly to gaining an understanding of customers' needs and how to take them into account when developing new, sustainable products. In addition, information is provided on certification systems, policies, as well as funding opportunities and criteria. Customer events also help to drive sales of sustainable products and achieve our goal of generating half of our Group revenue from sustainable products by 2030. Sustainability Academy events in 2024 included the “Let's Talk Sustainability” in the United Kingdom and the “Sales Summit” in North America.

At Sustainability Academy events in countries such as Benin, Togo, and Tanzania there is a stronger focus on fundamentals. The main purpose of these events is to improve the understanding of what sustainability is, increase market readiness for sustainable products such as low-carbon cement as well as gain an understanding of local needs.

The Sustainability Academies relate to both own operations and the downstream value chain, as the events are aimed at internal (e.g. our sales staff and employees working in sustainability) and external target groups, such as private developers, architects, and construction companies in various Group countries.

Data protection information for business partners

The information-related impacts mainly relate to data protection, particularly the sharing of consumer data and the use of our digital solutions. The implementation of data protection management systems (DPMS), preventive data protection measures, customer relationship management (CRM) systems, and compliance with European and local data protection laws are essential to protect our customers' personal data and minimise regulatory sanctions. These measures, which primarily affect B2B customers in our business model, are intended to ensure responsible data management and data use as well as lawful, secure, and proper data processing.

Heidelberg Materials follows strict data protection policies to ensure customers' personal information remains secure and is only used for legitimate business purposes. Regular reviews of data protection practices help ensure compliance with legal requirements and the security of consumer data. During the reporting year, Heidelberg Materials again provided business partners and affected third parties with information on data processing. This is done to comply with the GDPR and the applicable national laws in the Group countries and applies to the company and its business partners or other third parties whose information is processed, stored, or used by Heidelberg Materials. Providing this information helps us comply with the Code of Business Conduct and ensure lawful, secure, and correct data processing in the downstream value chain.

Heidelberg Materials is legally obliged under the GDPR to report relevant data protection incidents to the authorities within 72 hours. In addition, data subjects must be informed in the event of a high-risk data breach. Depending on the specific data protection incident, appropriate measures should be taken to remedy the breach or mitigate any potential negative impacts, such as by blocking access or implementing additional security measures.

Digital solutions for construction sites

The OnSite app enables consumers and end-users to order ready-mixed concrete online, track deliveries in real time, and better plan construction operations with precise times and delivery details. This not only provides customers with a better overview of their orders and construction progress but is also intended to reduce misunderstandings and thus the error rate. With demand-based ordering, only the amount of material which can currently be used on the construction site is delivered and overproduction is avoided. This saves costs and optimises logistics. In addition, the SmartRock sensors help monitor the strength development of concrete on the construction site, thereby optimising construction site management.

The resources relevant for the material impacts include not only financial resources, but especially the formation of specialised employee working groups, sometimes in cooperation with customers. To ensure product quality and develop new, innovative building materials, Heidelberg Materials invested €182.8 million in research and development in the 2024 financial year (see the **Research and development chapter**).

Targets and metrics

The target for generating half of Group revenue from sustainable products by 2030 reflects Heidelberg Materials' commitment to promoting innovative and environmentally sustainable solutions that are also intended to contribute to achieving the goals related to SDG 9 (Promoting resilient infrastructure and supporting sustainable industrialisation and innovation). This target is outlined in the **Targets and metrics section of the Circular economy chapter**. By providing high-quality low-carbon and circular products that comply with the standards, we want to support our consumers and end-users in achieving their own climate goals. This target was defined in cooperation with the relevant Group departments at Heidelberg Materials and is part of the **Sustainability Commitments 2030**, which have been approved by the Managing Board. We report the share of revenue generated by sustainable products internally on a quarterly basis and externally every six months. We did not consult our customers during the development of this target.

Regarding our digital solutions and data protection, we have not currently set any quantitative, measurable, results-oriented targets, as we do not believe this is essential for the implementation of our policies and associated actions. We monitor the effectiveness of our policies and measures using the Net Promoter Score (NPS®) and our data protection management system.

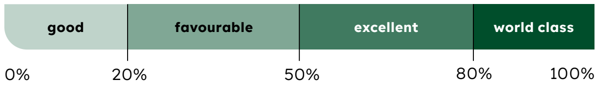
The NPS enables us to determine the needs of our customers – including those regarding our sustainable products and digital offerings – and to implement potential improvements as early as possible. Customers are asked the following question:

On a scale of 0 to 10, how likely are you to recommend Heidelberg Materials to others?

In the survey, customers are divided into three groups. "Promoters" are customers who would recommend our company to others. "Passives" refer to neutral customers who wouldn't necessarily recommend Heidelberg Materials to others but aren't dissatisfied either. "Detractors" are customers who would not recommend our company to others. Based on the answers to this question, we can categorise our customers and calculate our score. The NPS is calculated by subtracting the "promoters" percentage from the "detractors" percentage. The NPS provides insight to customer satisfaction and loyalty.

Heidelberg Materials' NPS was 50 in 2024. The following scale is used to interpret the score:

Customer satisfaction analysis



Following this scale, Heidelberg Materials achieved an excellent score in the 2024 financial year.

Tracking of data protection incidents

As part of our data protection management system, data protection incidents are tracked, documented, and reported internally and externally to the competent authorities in accordance with applicable law as well as the internal Data Incident Handling Guideline.

Our SpeakUp whistle-blower system can be used to report data protection violations. The incidents reported via SpeakUp are described in the **Targets and metrics section of the Anti-corruption and anti-bribery section of the Corporate governance chapter**.

Governance

Legend

Results of double materiality assessment

Impact materiality

Negative impacts

up own down

Positive impacts

up own down

Financial materiality

Risks

up own down

Opportunities

up own down

Impacts, risks, and opportunities

Likelihood:
actual potential

IRO category:
positive + negative – **Risk** **Opportunity**

Value chain:
upstream **up** own operations **own** downstream **down**

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Impacts, risks, and opportunities

Corporate governance

Impact materiality

Negative impacts

Positive impacts

Financial materiality

Risks

Opportunities

Corporate culture
Enhanced sense of belonging and increased overall satisfaction through positive corporate culture focused on integration, compliance, and cooperation

+ up own down

Protection of whistle-blowers
Promoting safety at the workplace through a culture of transparency and accountability with appropriate channels for whistle-blowers

+ up own down

Political engagement and lobbying activities
Possible influence of the regulatory environment or competition through lobbying activities

– up own down

Political engagement and lobbying activities
Developing fair and transparent policies and ethical business practices through positive political and social engagement

+ up own down

Corruption and bribery (Prevention and detection including training)
Failure to consistently participate in and follow up on anti-corruption training and awareness-raising measures may have negative consequences for the company due to violation of industry standards

– up own down

Corruption and bribery (Incidents)
Potential unethical procurement practices and illegal manipulation of individual markets can influence decision-making processes (e.g. for permits or tenders)

– up own down

Antitrust law (Company-specific)
Anti-competitive behaviour can lead to fines, claims for damages, and reputational damage and thus financial effects

Risk up own down

Antitrust law (Company-specific)
Potential negative impacts on competition, innovation, efficiency, and sustainability in the building materials sector due to antitrust violations

– up own down

Governance

Policies

The topics of corporate culture and protection of whistle-blowers are anchored in various Heidelberg Materials policies. The way in which Heidelberg Materials establishes, develops, promotes, and evaluates its corporate culture is implicit throughout the policies and measures described in this section.

Code of Business Conduct

The Heidelberg Materials Code of Business Conduct is outlined in detail in the **Policies section of the Own workforce chapter**. It addresses the actual positive as well as potential negative impacts regarding the material topics corporate culture and corruption and bribery.

Group Anti-Corruption Policy

The Group Anti-Corruption Policy defines principles for ensuring integrity towards business partners and the avoidance of conflicts of interest for all companies under the Group's control. The policy also sets out rules for the company's social engagement and for dealing with intermediaries and advisors, and it refers to the SpeakUp whistle-blower system. The Group Anti-Corruption Policy obliges Group companies to implement appropriate regulations to prevent corrupt and unethical behaviour in our own operations. Non-compliance with this policy may result in disciplinary measures up to and including dismissal.

The Group Anti-Corruption Policy applies to all companies directly or indirectly controlled by Heidelberg Materials, including joint-venture companies as defined in and regulated by the Group Compliance Policy. The policy applies to our company worldwide and is relevant for the upstream and downstream value chain as well as our own operations. The policy is circulated internally on an annual basis and is accessible via the policy management system with external parties able to access the policy on the Heidelberg Materials **website**. Responsibility for implementing and complying with the Group Anti-Corruption Policy lies primarily with the employees of Heidelberg Materials. Managers are responsible for ensuring effective communication and monitoring compliance. The policy falls within the responsibility of the Chairman of the Managing Board.

Stakeholder concerns are addressed by ensuring appropriate measures are taken following the results of the corruption risk assessments carried out in the Group countries. In addition, conclusions regarding policy implementation and adaptation can be drawn from the corruption-related reports in the whistle-blower system.

Supervisory Board Rules of Procedure

The Supervisory Board Rules of Procedure define the organisation, structuring, and efficiency enhancements of the Supervisory Board's activities. It contains specific requirements and duties which are designed to ensure compliance and governance standards are adhered to within the company. The Supervisory Board Rules of Procedure addresses the positive impact regarding the material topic corporate culture. Compliance is monitored by means of meetings, self-assessments, and advanced training of the members of the Supervisory Board, as well as monitoring by specialised committees.

The Rules of Procedure apply to the Supervisory Board of Heidelberg Materials AG and its committees, and fall within the responsibility of the Supervisory Board.

The Rules of Procedure account for the recommendations and suggestions of the German Corporate Governance Code (excluding deviations explained in the declaration of compliance) and consequently, they also indirectly account for the interests of key stakeholder groups on which the concepts of these recommendations are based.

Managing Board Rules of Procedure

In conjunction with the schedule of responsibilities, the Managing Board Rules of Procedure govern the work of the Managing Board of Heidelberg Materials. These regulations cover a wide range of governance issues, such as corporate governance, risk and compliance management, transactions, communication management, and the management of conflicts of interest. The Managing Board Rules of Procedure address the positive impact regarding the material topic corporate culture. Compliance is monitored by means of Managing Board meetings and the involvement of the Supervisory Board for transactions requiring approval.

The Managing Board Rules of Procedure apply not only to the Managing Board, but also to the Supervisory Board and all employees of Heidelberg Materials.

The Managing Board is responsible for implementing the Rules of Procedure.

The Rules of Procedure take account of the recommendations and suggestions of the German Corporate Governance Code.

Regular dialogue with the most important stakeholders ensured their interests were considered when defining the Managing Board Rules of Procedure. The process was also monitored by the Supervisory Board.

Articles of Association of the Company

The Articles of Association represent the written constitution of the company. In addition to the law, it regulates fundamental issues related to the duties and responsibilities of the executive bodies (Managing Board, Supervisory Board, Annual General Meeting) of Heidelberg Materials AG. It also contains other important information such as the company's name, its registered office, purpose, subscribed share capital, shares, financial year, annual financial statements, Management Report, and appropriation of profits. The company's Articles of Association and Managing Board and Supervisory Board Rules of Procedure are publicly available on the company's **website**. Granting public access contributes to clear and transparent corporate governance. The company's Articles of Association address the positive impact regarding the material topic corporate culture. Compliance with governance-related standards is intended to enable a culture focused on ethics and responsibility. When amendments are made to the Articles of Association, the interests of key stakeholder groups are considered, primarily by involving the Managing Board, Supervisory Board, and shareholders when resolutions are passed by the Annual General Meeting.

Policy Statement on Human Rights

Heidelberg Materials' Policy Statement on Human Rights emphasises reports must be processed, and the case must be discussed by impartial, independent persons who are obliged to maintain confidentiality to protect whistle-blowers. The Policy Statement on Human Rights addresses the positive impact regarding the material topic protection of whistle-blowers. A detailed description of the Policy Statement can be found in the **Policies section of the Own workforce chapter**.

Group Compliance Incident Reporting & Case Management Policy

The policy contains instructions for all reports submitted by employees of Heidelberg Materials or by (external) third parties. The policy addresses the positive impact in terms of whistle-blower protection as well as the potential negative impact regarding corruption and bribery. A detailed description of this policy can be found in the **Policies section of the Own workforce chapter**.

Actions

Compliance programme

Heidelberg Materials maintains a comprehensive compliance programme across the Group, which is continuously being developed by the Compliance function. This programme enables us to comply with the objectives of the Code of Business Conduct. It is a central element of the Group management's self-commitment to not tolerate violation of applicable laws. It sets out the regulations for the company's workforce, keeps these regulations up-to-date, and monitors employee compliance. In addition, the compliance programme includes provisions that govern cooperation with business partners. The current focus is on the further digitalisation of compliance tasks such as risk assessments and communication measures including the global roll-out of topic-related compliance campaigns.

In addition to the regular distribution of internal guidelines, compliance letters are sent to management and employees. Among these letters are the annual letter from the Chairman of the Managing Board as well as ad hoc newsletters on current topics to raise compliance awareness. Heidelberg Materials' compliance programme also includes a corruption risk assessment that is conducted every two years as well as an annual human rights risk analysis. To achieve a 100% completion rate for all digital compliance training, the country managers are required to report on training attendance to the responsible member of the Managing Board. In addition, training sessions are conducted on topics such as trade sanctions and money laundering. They are carried out both at the request of specific departments and on the instructions of the Compliance function.

The compliance programme focuses on Heidelberg Materials' own operations worldwide. It also uses risk analyses and business partner screening processes to record external compliance risks that could have an impact on the company and establishes measures to counter such risks.

Heidelberg Materials intends to maintain the measures permanently.

Raising awareness about the Code of Business Conduct, including human rights matters

In the reporting year, Heidelberg Materials produced animated explanatory videos and held information events to highlight the values of the Code of Business Conduct, which are explained in the **Actions section of the Own workforce chapter**.

Targets and metrics

The effectiveness of our policies and measures is ensured by:

- Regular internal audits to verify compliance with the Code of Business Conduct
- Training and raising employee awareness of compliance issues
- Regular training of the members of the Managing Board and Supervisory Board on current developments regarding compliance, sustainability, antitrust law, corporate governance, and other topics relevant to corporate culture
- The anonymous whistle-blower system SpeakUp for reporting potential violations
- External certification and assessment of our compliance practices
- Annual review and update of our policies and processes

Descriptive and statistical portions of the compliance reporting, which are published internally on a regular basis and externally on an annual basis, are used to assess the achievement of compliance targets. The core elements of the half-yearly internal reporting are changes in the compliance organisation and data on the staffing of the Compliance function. Further aspects include the number and type of compliance incidents reported, information on training activities and completion rates of electronic learning programmes, as well as activities and measures to further develop the compliance management system. The aim is to implement the compliance organisation required in the Compliance Policy and achieve a comprehensive level of staff training, including a targeted 100% completion rate for the mandatory electronic training courses. Due to the transition to global compliance campaigns instead of individual training assignments, no conclusive completion rates for 2024 can be presented for the two basic electronic learning programmes on the Code of Business Conduct and corruption prevention. The campaigns on these two topics will be carried out in the 2025 financial year, with key figures reported from 2025 onwards. In addition, we can demonstrate the effectiveness of the whistle-blower and case management system through 100% documentation of reported cases. We aim to provide initial feedback to the whistle-blower within 7 days for all reports received and to process reports within a maximum of 90 days.

Whistle-blower system

Our SpeakUp whistle-blower system can be used by internal and external parties to report any activities that violate the Code of Business Conduct or internationally applicable conventions.

SpeakUp is described in the **Whistle-blower system section of the Own workforce chapter**. The content of the Group Compliance Incident Reporting & Case Management Guideline is outlined in the **Policies section of the Own workforce chapter**.

The SpeakUp whistle-blower system is continuously publicised via posters, intranet links, the company website, and training courses. SpeakUp is provided and administered by Heidelberg Materials, but the technical platform is supplied by an external provider.

The Group Compliance Incident Reporting & Case Management Policy forbids punishment of whistle-blowers (see Whistle-blower system and Policies sections of the Own workforce chapter). Such punishment would constitute a compliance violation and lead to corresponding consequences. The prohibition of punishment is also listed in the Code of Business Conduct. Compliance with the guidelines is ensured by qualified personnel who are impartial, independent, and not bound by instructions. Each country organisation has a compliance officer to handle complaints. They are responsible for the processing of reports, which is also documented and publicly available, and for monitoring the case reporting system. In addition, using a software ensures data protection and information security for the anonymity of whistle-blowers.

Compliance

Heidelberg Materials has published the Group Compliance Incident Reporting & Case Management Policy on its **website**. It contains the procedure for dealing with all types of reported compliance incidents. This policy thus not only meets the requirements of the German Supply Chain Due Diligence Act (LkSG), but also defines the time frame for investigations as well as the independence and objectivity of the qualified personnel appointed to deal with incidents regarding corporate governance, including cases of corruption and bribery.

The Compliance Policy defines the scope, frequency, target groups, and format of compliance training as components of the compliance management system. Training on the topic of human rights is outlined in the Group Human Rights Compliance Management Policy. Specific compliance guidelines on individual topics, such as money laundering, define guidelines for training in the respective subject area.

In addition to face-to-face events, which are particularly aimed at groups of employees with increased risk exposure, training courses are also held online. The range of digital courses, which must be completed by employee groups according to defined position levels and job families, covers topics such as the Code of Business Conduct, competition law, the prevention of corruption, and human rights. Certain online training courses (depending on the topic) are mandatory for employees with a company email address or employees of specific departments and/or managers. Employees who do not have computer access also receive training on the Code of Business Conduct and on corruption prevention. The format for this training can be less formal, such as during a staff meeting. The introductory training courses are mandatory for new hires and they are then supplemented by mandatory e-learning courses which are repeated every two years.

There could be an increased risk of corruption and thus a need for additional training beyond e-learning, especially for employees in procurement as well as specialists such as engineers who define purchasing specifications and quality requirements for services. This includes employees who commission external service providers (e.g. lawyers, accountants, auditors, advisors, etc.) and employees who obtain official permits and approvals of any kind, as well as employees in sales and distribution. It also includes employees involved in company acquisitions and sales and employees responsible for the Group's social engagement activities regarding investor projects (e.g. sponsorship and donation activities), as well as employees who represent Heidelberg Materials before political bodies such as governments or parliaments.

Tackling corruption and bribery

Policies

The Group Anti-Corruption Policy is outlined in the **Governance section**.

Supplier Code of Conduct

The Supplier Code of Conduct includes the obligation for suppliers to conduct their business with integrity. The Supplier Code of Conduct addresses the potential negative effects of corruption and bribery, enabling us to pass on the principles on corruption set out in the Code of Business Conduct for our own employees to our supply chain. The code is outlined in the **Policies section of the Workers in the value chain chapter**.

The Group Compliance Incident Reporting & Case Management Policy stipulates that qualified personnel are to be deployed for both case management and compliance investigations. The personnel are impartial, independent, and not bound by instructions.

The Group Compliance Incident Reporting & Case Management Policy describes which compliance incidents must be reported to which levels of management and defines the criteria for categorizing an incident as significant. A quarterly report informs the Managing Board members with regional responsibility about the most important compliance incidents and human rights incidents in their Group areas. The Director Group Legal & Compliance reports to the Managing Board and the Audit Committee of the Supervisory Board every six months. The latter monitors the effectiveness of the compliance programme and verifies whether it adequately satisfies the legal requirements and recognised compliance standards.

Actions

As a global Group, Heidelberg Materials is subject to a variety of legal requirements, which vary from country to country. To take account of these differences and ensure responsible corporate governance, we have implemented a compliance management system across the Group. Within this framework, we carry out compliance risk assessments every four years, the last of which was started at the end of 2024 and is still in progress, to determine focus areas for the compliance programme. This is done by conducting structured interviews with the general managers of the country organisations (country managers) and the Group directors. In this way, compliance risk areas are identified and ranked. The risks in the topic areas of corruption, competition law, and human rights are among the ten most important risks that we mitigate by means of our compliance management system.

Group-wide implementation of the compliance programme is monitored via regular and special audits carried out by the Group Internal Audit department.

The aim of Heidelberg Materials' corruption prevention work is to prevent corrupt behaviour by Group companies and employees. Corruption can affect everyone's interests, including those of our employees, business partners, and the general public who may be affected by economic damage.

Heidelberg Materials employees worldwide receive training on corruption prevention. Every two years, a broad group of employees is assigned to a mandatory, electronic training programme. This training is supplemented by classroom training and addresses departments with an increased risk of corruption, as well as an educational video for all employees. Corruption prevention is bolstered by business partner screening processes. It is enhanced by business process definitions that define principles such as the dual control principle and the separation of functions. Where possible, compliance with process regulations and rules is ensured by software settings.

Anti-corruption measures that have already been implemented once are valid permanently. Regarding Group rules, these steps are implemented worldwide. In addition, the national organisations can implement local regulations. In addition to continuing existing measures such as global corruption risk assessments, a global campaign on corruption prevention is planned for 2025. A new anti-corruption training plan is being implemented in Germany and for Group functions.

We conduct comprehensive analyses to assess and prevent corruption risks and possible conflicts of interest. Up until 2023, this risk assessment process was repeated approximately every three years. Since 2023, the analysis has been conducted every two years. This will be done on a rolling basis, so that different Group countries are analysed each year. First, the potential risks within a country organisation are assessed. Then, the measures already in place to limit these risks are evaluated, and finally, based on the net risk, we examine whether further measures are needed. On the basis of this assessment, an action plan is created for each country, and its implementation is monitored by the Group Legal & Compliance department.

To ensure compliance with the law and help detect potential violations, we use the SpeakUp whistleblower system. We also use other sources to identify potential compliance violations, such as reports from the Group Internal Audit, which are to be documented in the case management system. We use case statistics and the evaluation of reports regarding corruption and conflicts of interest to monitor the effectiveness of our policies and measures and, if necessary, derive further measures. The zero-tolerance policy stipulates that compliance violations must be sanctioned. Therefore, we strive to eliminate or minimise the risk of further violations.

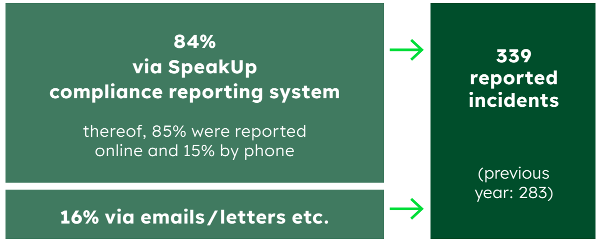
Heidelberg Materials uses various means and communication channels to publicise the Group Anti-Corruption Policy and its contents. All compliance guidelines are published in the policy management system known as Heidelberg Materials Policies for the entire workforce worldwide. All users of the system must confirm receipt of the compliance guidelines. This also applies to changes to the guidelines.

To prevent corruption, managers are required to conduct an initial briefing. Team meetings, such as purchasing meetings or other departmental meetings, are also used to provide training on anti-corruption. Face-to-face training sessions are aimed at corruption risk groups. While electronic learning programmes teach the basics of corruption prevention, face-to-face training sessions cover topics that affect the respective risk groups in greater depth.

Targets and metrics

All data listed below is taken from the SpeakUp case management system. Qualified case management personnel determine which case category a report belongs to. There are 20 case categories in the case management system. The qualified personnel base their categorisation on the definitions defined in the Group Compliance Incident Reporting & Case Management Policy.

Incidents reported via case management system



Compliance incidents reported via case management system

	2023	2024	Unit
Employee relations	39	35	%
Corruption or conflicts of interest	10	9	%
Health and safety	8	11	%
Fraud, theft, or embezzlement	8	6	%
Discrimination or harassment	5	12	%
Other	30	27	%

In 2024, a total of 339 incidents were reported in our case management system and investigated under the supervision of compliance employees in the country organisation or by the Group Compliance department. Most of the reports received concerned employee relations. Other reports related to discrimination and harassment; health and safety; fraud, theft, or embezzlement; and corruption or conflicts of interest. Other categories of cases accounted for lower percentages of the total, including data protection cases, which accounted for just under 1% of the total. Of the 339 incidents reported, 49% proved to be unfounded, while for 26%, either no final investigation result had been determined by the editorial deadline or no assessment was possible at the time of writing. In the case of 25% of the incidents, the investigations revealed that they were at least partially substantiated. In the category of corruption or conflicts of interest, 32 cases were recorded in 2024. Of these, 17 were classified as corruption cases, and one of these cases was confirmed.

In the case of confirmed incidents, measures are generally taken, ranging from root cause analysis, changes to policies and processes, and communication and training through to disciplinary action (such as a written warning or dismissal). In some countries, financial sanctions and demotions are also possible. In 35% of the confirmed incidents in 2024, sanctions were imposed, and for 77% of these incidents, preventive measures were implemented.

In the only confirmed case of corruption, there was not any misconduct on the part of our employees, but on the part of a supplier. Thus, there were not any disciplinary measures affecting our employees.

There were not any terminations of contracts with business partners due to corruption. In the only confirmed case of corrupt conduct by an employee of a supplier, the contractual relationship was continued subject to certain conditions for this supplier.

During the reporting period, there were not any reportable lawsuits for corruption or bribery against Heidelberg Materials or our employees. Therefore, there were not any convictions or punishments.

Incidents of corruption or bribery

	2023	**2024**	Unit
Convictions for violation of anti-corruption and anti-bribery laws	–	0	Number
Amount of fines for violation of anti-corruption and anti-bribery laws	–	0	'000 €
Confirmed incidents of corruption or bribery	–	1	Number
Confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery-related incidents	–	0	Number
Confirmed incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery	–	0	Number

Political influence and lobbying activities

Our political engagement should be carried out in alignment with our Code of Business Conduct and our Group Anti-Corruption Policy and further policies. We also publish an annual Climate Advocacy and Association Review. The Climate Advocacy and Association Review provides a detailed overview of our positions relevant to climate policy as well as our activities related to indirect and direct political advocacy.

We have established structures and guidelines to ensure that our positions are consistent with those of the industry associations in which we are involved. In particular, we want to guarantee that the positions and actions of associations are aligned with international and European climate protection agreements, especially the Paris Agreement and the targets set out in our **Sustainability Commitments 2030**.

To facilitate direct dialogue between political decision-makers and contact persons within the company, we operate company representative offices in Berlin, Brussels, and Washington D.C. Lobbying is led and coordinated by the Government Affairs department within the Group Communication & Investor Relations department. Responsibility for the operational implementation of our political engagement activities lies with our respective country organisations. Among other things, the alignment and activities of our trade associations with the goals of the Paris Agreement are discussed and reviewed on a quarterly basis with our Chief Sustainability and New Technologies Officer (CSO) and the Managing Board member responsible for the association's work. When acting on behalf of the company, representatives of Heidelberg Materials must always identify themselves by name and affiliation and disclose their concerns clearly and transparently. They should always provide fact-based and accurate information.

Policies

Code of Business Conduct

Heidelberg Materials' Code of Business Conduct sets out the ethical and legal standards for all business activities. It stresses compliance with laws and regulations, including those relevant for political lobbying. The code ensures that all interactions with public officials and political institutions are conducted in a transparent and ethical manner to avoid any form of corruption or undue influence (see the **Policies section of the Own workforce chapter**).

Group Anti-Corruption Policy

Any form of bribery or corruption, including in the context of political lobbying, is explicitly prohibited by the Group Anti-Corruption Policy. The policy provides guidelines for dealing with public officials and requires that all lobbying activities be carried out legally and ethically. This helps to avoid potential conflicts of interest (see **Governance section**).

Actions

Coordination formats take place on a regular basis with our company representatives in trade associations.

We conduct an annual internal evaluation of Heidelberg Materials' political advocacy and association work. In this way, we aim to ensure that our engagement is aligned with the Group strategy, the company's sustainability targets, and the Paris Agreement. While doing so, we also check whether our engagement is aligned with our Code of Business Conduct and Group Anti-Corruption Policy.

This evaluation includes:

- Evaluation of our memberships in associations and their respective alignment with the targets of the Paris Agreement
- Engaging with associations that are not yet fully aligned with the above-mentioned sustainability and climate targets to advocate for the implementation of net-zero roadmaps
- Direct interaction with political decision-makers and non-state actors
- Open reporting and publication of the names of representatives in transparency registers

To check how the association's strategies and activities are aligned with the targets of the Paris Agreement, we conduct regular internal research based on position papers and publications by national trade associations and consult the responsible Heidelberg Materials representative. This information is cross-checked, and in the event of any uncertainties, the respective country management is consulted. The CSO and the Managing Board member responsible for our association's work approve the results.

The review is carried out across the Group and includes the lobbying work in our own operations, those of our cement associations, and the respective trade associations for aggregates and ready-mixed concrete. One area of focus is on associations where we are a direct member and therefore have greater influence on their positioning.

Due to their relevance for reducing our greenhouse gas emissions, an additional detailed assessment of the cement associations is conducted. The assessment reveals whether they have an appropriate CO_2 roadmap and are committed to the introduction of carbon pricing. It also examines whether they are committed to promoting break-through technologies, such as CCUS, as well as low-emission products and renewable energies.

Data is collected and reviewed annually from October to December.

If the position of one of our country organisations or an association deviates from our position on a strategically important topic, we will increase our engagement in the respective committees and demand an adjustment. If an association repeatedly pursues strategies and measures that run counter to the positions of Heidelberg Materials, we will publicly express our dissent. We will also assess the performance of the association and the value of the membership to check whether leaving the association would be reasonable and appropriate.

Heidelberg Materials' lobbying activities include the following issues:

Carbon capture, utilisation, and storage (CCUS): CCUS technologies are one of the most important current solutions for unavoidable process emissions in cement manufacturing. For Heidelberg Materials, CCUS is therefore an indispensable lever for achieving our climate protection targets. For this reason, we are involved in the political and social dialogue on CCUS worldwide.

Renewable energies and alternative fuels: as an energy-intensive company, we need to ensure that the required rapid phase-out of fossil fuels is accompanied by access to sufficient renewable and low-emission energy at competitive costs.

Circular economy: alongside climate protection, circular economy is the second key pillar for sustainable building materials. Heidelberg Materials aims to close the carbon and material cycle. The use of by-products from other industrial sectors for the production of clinker and cement and the recycling of mineral construction and demolition waste enable us to operate in a more resource-efficient manner with lower CO_2 emissions and conserve primary raw materials.

Carbon pricing: when properly designed, carbon pricing can be an effective measure to reduce emissions, as it internalises CO_2 costs, provides planning security, and creates incentive to invest in emissions reduction. We are therefore in favour of carbon pricing and are involved in its political debate. The same applies to the Carbon Border Adjustment Mechanism (CBAM), a supplementary instrument used to ensure fair global competition.

Sustainable financing and public funding: a financial framework is needed to reward investment in industrial transformation with better access to finance and a lower cost of capital. In addition, Heidelberg Materials' lobbying activities highlight the key role that state subsidies play in the transformation of the cement industry.

Green lead markets: bringing low-emission and circular products on the market quickly is another key driver of industrial transformation. It is up to the public and private sectors to create lead markets for these products. We advocate for regulatory and policy measures to stimulate demand and increase acceptance of sustainable products. For this reason, we actively support the establishment of robust definitions and standards for sustainable products and the enhancement of corresponding criteria in procurement procedures by the public sector.

Biodiversity and preservation of natural resources: Heidelberg Materials has a biodiversity management system and engages in intensive dialogue with a wide range of stakeholders. Within the scope of our business activities, this topic also plays a significant role in approval procedures. We participate in the further development of the regulatory framework for nature and biodiversity conservation primarily by participating in associations and working in partnership with non-governmental organisations.

The topics of CCUS, renewable energies and alternative fuels, circular economy, green lead markets, and biodiversity were assessed as relevant in the double materiality analysis. The topics of carbon pricing and sustainable financing as well as public subsidies are considered as financial impacts in the materiality analysis.

Targets and metrics

We have not set any lobbying targets, because we do not find lobbying to be quantitatively measurable.

The overarching objective of Heidelberg Materials' lobbying is to support our business activities and the implementation of our sustainability strategy. Through our lobbying work, we address the impact regarding political engagement and lobbying activities. The implementation of our decarbonisation projects is partly dependent on external factors, such as political and legal regulatory frameworks.

We therefore monitor and support political discussions and legislative processes at global, regional, and national levels regarding the existing positions of our company and our industry. We do this by means of ongoing monitoring, participation in trade associations, and through direct dialogue with political decision-makers.

The qualitative indicators are therefore measured by the implementation of an efficient environmental and industrial policy approach that effectively supports the decarbonisation of the cement industry. One of the factors is whether the respective international and national projects are aligned with the Paris Agreement.

Progress is measured on a case-by-case basis and according to region. We do not have a Group-wide standardised methodology or procedure.

Heidelberg Materials does not make any direct political contributions at national or global level. In other words, the company does not make payments or provide in-kind benefits to political parties, individuals or political campaigns.

In 2024, the expenditure for lobbying activities amounted to a total of € 17.6 million, which were largely financial contributions. These included especially Heidelberg Materials' membership fees in cement, aggregates, and ready-mixed concrete associations. The largest financial contributions in 2024 were provided to German, French, and US cement industry associations (e.g. VDZ, France Ciment, PCA).

To determine expenditure, we conducted a global survey of all Group countries and consolidated the reported values. In some cases, it is not possible to provide an exact breakdown (e.g. membership fees for individual activities). In these cases, we estimated the shares.

Political influence and lobbying activities[1]

	2023	**2024**	Unit
Financial political contributions	–	17.6	million €
In-kind political contributions	–	0	million €
Total political contributions	–	17.6	million €

1) Figures were collected for the first time in 2024.

Heidelberg Materials is listed in the EU Transparency Register and the lobby register as a lobbyist of the German Bundestag and the German Federal Government.

Our EU Transparency Register identification number is 81970148701-15.

Our lobby register number for the German Bundestag and the German Federal Government is R001318.

None of the current members of the Managing Board or Supervisory Board of Heidelberg Materials were employed in public administration in the two years prior to their appointment.

Antitrust law

Compliance with antitrust law is of particular importance to Heidelberg Materials due to the extensive standardisation of our products. Competition is therefore mainly based on price.

In addition, the markets in which Heidelberg Materials operates have a relatively high degree of transparency and are often characterised by oligopolistic structures. This can increase the incentive for unlawful restraints on competition and also lead to mere suspicions of antitrust violations. The investigative activities of the supervisory authorities in the building materials sector are therefore extensive. This high level of scrutiny makes the aforementioned risks especially relevant.

Policies

Group Competition Law Policy

The Group Competition Law Policy and the Supplemental Competition Law Policy are part of Heidelberg Materials' compliance programme and focus on setting minimum requirements for all country-specific measures that are adopted.

The antitrust policies address the financial risks and the potential negative impact regarding antitrust law. In accordance with these policies, the national antitrust guidelines based on them, as well as the company's Code of Business Conduct, Heidelberg Materials is committed to strict compliance with antitrust laws. These laws include the prohibition of cartels, the abuse of dominant market positions, and the rules of merger control.

The aim of the Group Competition Law Policy is to identify and prevent violations of competition law. It also supplements the relevant provisions of the Code of Business Conduct. The Group Competition Law Policy serves as a framework and must be implemented and substantiated by national guidelines within the Group countries.

Regarding competition law, acceptable actions for Heidelberg Materials are defined by applicable antitrust laws including relevant international regulations, such as the antitrust regulations in the Treaty on the Functioning of the EU. The policy specifies the legal requirements, but also stipulates training, documentation, reporting, and monitoring obligations as well as responsibilities to prevent antitrust violations as the cause of the aforementioned risks.

The policy applies to all companies of Heidelberg Materials. Due to differences between the competition laws of individual countries, the Group Competition Law Policy only refers to the common and general elements of the essential requirements for compliance with competition law. These apply uniformly in all Group countries, regardless of specific national laws.

Pending the introduction of competition guidelines at national level, the policy will also apply directly to all employees who become involved in competition law issues while performing their duties. In addition to management, these are primarily executives and employees who work in sales, but also managers who are involved in procurement and M&A projects. The policy also applies to technicians who meet with representatives of competitors in business associations and cooperation projects.

The Managing Board of Heidelberg Materials is responsible for matters regarding compliance, including compliance with antitrust regulations. Overall responsibility for compliance with competition law at national level lies with the respective country managers of the country organisations as well as the heads of legal departments and/or compliance officers of the various countries. They are usually assisted in this task by the heads of the national legal departments.

Supplemental Competition Law Policy

The Supplemental Group Competition Law Policy contains more detailed guidelines for Heidelberg Materials companies in the Group area Europe, which are subject to the highly harmonised antitrust regulations of the countries of the European Economic Area. In addition to specific guidelines for corporate measures such as price increases, it also includes a specific reporting system for antitrust training and monitoring activities. The responsibility described above regarding the Group Competition Law Policy applies accordingly.

National antitrust guidelines

The country organisations have issued national antitrust law guidelines in accordance with the provisions of the Group Competition Law Policy and, where applicable, the Supplemental Competition Law Policy. These guidelines specify the regulations in force in the Group countries. A national antitrust law guideline may be waived if there is no significant deviation from the provisions of the Group Competition Law Policy in the respective country.

Actions

The following measures are intended to contribute to implementation of the policies described above, ensure transparency of any violations at the top management level to be addressed, ensure employees are aware of and familiar with relevant regulations, ensure ongoing monitoring of relevant developments in the Group countries, and identify any need for further development of the antitrust compliance system. They apply to Heidelberg Materials' own operations as well as the upstream and downstream value chain, ensuring that any violations by business partners can be identified, reported and addressed if necessary. The company intends to continue these measures on a permanent basis.

Reporting on antitrust investigations

In the area of competition law, we have a comprehensive reporting system on antitrust investigation proceedings to enable risk assessments and examine the need for response. In 2024, four quarterly internal reports on the development of ongoing antitrust proceedings regarding Heidelberg Materials were prepared and made available to the Managing Board.

Antitrust law trainings

In 2024, the annual competition law update took place at Managing Board level to ensure continuous awareness training at the highest level of responsibility. Employees with sales responsibilities who report directly to the members of the Managing Board are also regularly informed about antitrust regulations. Electronic training on antitrust law was also assigned to employees who work in sales or procurement, have management responsibility, or otherwise have contact with competitors, customers, and suppliers.

In the field of antitrust law, there were also seminars, lectures, and other measures, such as internal audits and comparable reviews. Internal audits focusing on antitrust compliance were conducted in China and the United Kingdom. In addition, training programmes for people at risk must be provided every two years. The aim is to continuously minimise the risk over the planned recurrence periods. Internal audits and comparable spot checks are planned annually.

Antitrust risk assessments

Annual qualitative antitrust risk assessments are planned in the Group countries to enable reaction to changes in risk, such as those arising due to changes in laws and application principles or company acquisitions and other business expansions.

External audit of the antitrust compliance programme

A regular external audit of the antitrust compliance programme by a specialist law firm should be conducted approximately every three years. It was last conducted in 2023.

Targets and metrics

The company has a zero-tolerance policy and expects compliance with antitrust regulations. Compliance is monitored by a comprehensive reporting system of antitrust investigations and suspected cases, which makes relevant processes transparent on a continuous basis. The reporting system comprises an ad hoc obligation to report new cases and significant developments and submit regular status reports (currently on a quarterly basis).

In addition, the company uses training completion rates to monitor whether employees have successfully completed their assigned electronic learning programmes. In the reporting year, there was a 95.5% completion rate for all electronic antitrust law training courses, which was determined according to uniform criteria for all electronic compliance courses rolled out across the Group. We strive for a completion rate of 100%, but this is a non-binding target due to ongoing changes in the composition of our workforce and the decentralised global structure of Heidelberg Materials.

Consolidated financial statements

Consolidated income statement

€m	Notes	2023	2024
Revenue	7.1	**21,177.6**	**21,156.4**
Change in finished goods and work in progress		100.6	92.0
Own work capitalised		28.8	45.5
Operating revenue		**21,307.0**	**21,293.9**
Other operating income	7.2	561.6	552.1
Material costs	7.3	-8,160.1	-7,769.4
Personnel costs	7.4	-3,414.8	-3,469.5
Other operating expenses	7.5	-6,269.3	-6,356.3
Result from equity accounted investments (REI)	7.6	233.7	248.4
Result from current operations before depreciation and amortisation (RCOBD)		**4,258.0**	**4,499.1**
Depreciation and amortisation		-1,235.6	-1,295.0
Result from current operations		**3,022.5**	**3,204.1**
Additional ordinary income	7.7	164.8	37.9
Additional ordinary expenses	7.7	-163.9	-474.1
Additional ordinary result		**0.9**	**-436.2**
Earnings before interest and taxes (EBIT)		**3,023.4**	**2,767.9**
Interest income		74.7	100.3
Interest expenses	7.8	-206.8	-272.2
Foreign exchange gains and losses		-24.7	-14.5
Result from other participations		5.8	10.4
Other financial result	7.9	-23.3	-5.3
Financial result		**-174.3**	**-181.4**
Profit before tax from continuing operations		**2,849.0**	**2,586.5**
Income taxes	7.10	-658.6	-704.3
Net income from continuing operations		**2,190.4**	**1,882.2**
Net income/loss from discontinued operations	7.11	-103.5	36.1
Profit for the financial year		**2,086.9**	**1,918.4**
Thereof attributable to non-controlling interests		157.9	136.6
Thereof attributable to Heidelberg Materials AG shareholders		**1,928.9**	**1,781.8**
Earnings per share – attributable to Heidelberg Materials AG shareholders	7.12	**10.43**	**9.87**
Earnings per share – continuing operations		10.99	9.67
Earnings/loss per share – discontinued operations		-0.56	0.20

Consolidated statement of comprehensive income

€m	2023	2024
Profit for the financial year	**2,086.9**	**1,918.4**
Other comprehensive income		
Items not being reclassified to profit or loss in subsequent periods		
Remeasurement of the defined benefit liability (asset)	-131.8	-30.2
Income taxes	33.0	11.9
Defined benefit plans	**-98.8**	**-18.3**
Net gains/losses arising from equity accounted investments	5.6	4.6
Total	**-93.2**	**-13.7**
Items that maybe be reclassified subsequently to profit or loss		
Cash flow hedges – change in fair value	-59.4	-6.1
Reclassification adjustments for gains/losses included in profit or loss	-11.0	-3.6
Income taxes	15.6	-1.9
Cash flow hedges	**-54.7**	**-11.7**
Currency translation	-371.7	595.4
Reclassification adjustments for gains/losses included in profit or loss	-0.1	-0.3
Income taxes	7.4	19.4
Currency translation	**-364.3**	**614.6**
Net gains/losses arising from equity accounted investments	-31.8	97.1
Total	**-450.8**	**700.0**
Other comprehensive income	**-544.0**	**686.3**
Total comprehensive income	**1,542.9**	**2,604.6**
Thereof attributable to non-controlling interests	131.1	150.3
Thereof attributable to Heidelberg Materials AG shareholders	1,411.8	2,454.3

Consolidated statement of cash flows

€m	Notes	2023	2024
Net income from continuing operations		2,190.4	1,882.2
Income taxes		658.6	704.3
Interest income/expenses		132.1	172.0
Dividends received	8.1	203.4	213.5
Interest received	8.2	158.9	184.9
Interest paid	8.2	-321.9	-354.8
Income taxes paid		-522.3	-683.8
Depreciation, amortisation, and impairment		1,233.3	1,545.0
Other eliminations	8.3	-78.8	-95.9
Cash flow		**3,653.7**	**3,567.3**
Changes in operating assets		-83.4	-198.1
Changes in operating liabilities		-121.6	87.9
Changes in working capital	8.4	**-205.0**	**-110.2**
Decrease in provisions through cash payments		-220.5	-201.2
Cash flow from operating activities – continuing operations		**3,228.2**	**3,255.9**
Cash flow from operating activities – discontinued operations		-23.1	-24.2
Cash flow from operating activities		**3,205.1**	**3,231.7**
Intangible assets		-57.8	-87.0
Property, plant and equipment		-1,271.9	-1,323.1
Government grants		94.4	110.1
Subsidiaries and other business units		-414.2	-774.3
Other financial assets, associates, and joint ventures		-200.2	-68.3
Investments (cash outflow)	8.5	**-1,849.8**	**-2,142.6**
Intangible assets		0.5	0.4
Property, plant and equipment		135.2	150.2
Subsidiaries and other business units		26.6	51.1
Other financial assets, associates, and joint ventures		207.8	128.2
Divestments (cash inflow)	8.6	**370.0**	**329.9**
Cash flow from investing activities		**-1,479.8**	**-1,812.7**

€m	Notes	2023	2024
Capital increase of non-controlling interests		0.7	31.8
Dividend to Heidelberg Materials AG shareholders		-484.1	-546.2
Dividends to non-controlling interests		-94.9	-114.4
Acquisition of treasury shares	8.7	-298.0	-350.0
Increase in ownership interests in subsidiaries	8.8		-32.8
Proceeds from bond issuance and loans	8.9	1,504.6	1,302.8
Repayment of bonds, loans and lease liabilities	8.10	-737.5	-1,756.3
Changes in short-term financial liabilities	8.11	243.9	15.0
Cash flow from financing activities		**134.6**	**-1,450.1**
Net change in cash and cash equivalents – continuing operations		1,883.0	-6.9
Net change in cash and cash equivalents – discontinued operations		-23.1	-24.2
Net change in cash and cash equivalents		**1,859.9**	**-31.2**
Effect of exchange rate changes		-47.6	-14.4
Cash and cash equivalents at 1 January		1,454.1	3,266.5
Cash and cash equivalents at 31 December	8.13	**3,266.5**	**3,220.9**
Reclassification of cash and cash equivalents according to IFRS 5			-0.8
Cash and cash equivalents presented in the balance sheet at 31 December	8.13	**3,266.5**	**3,220.1**

Consolidated balance sheet – Assets

€m	Notes	31 Dec. 2023	31 Dec. 2024
Non-current assets			
Goodwill		8,341.7	8,975.7
Other intangible assets		342.9	444.6
Intangible assets	9.1	**8,684.6**	**9,420.2**
Land and buildings		7,131.2	7,265.4
Plant and machinery		4,988.2	5,248.8
Other operating equipment		858.8	879.0
Prepayments and assets under construction		1,171.4	1,407.6
Property, plant and equipment	9.2	**14,149.6**	**14,800.7**
Investments in joint ventures	7.6	1,698.4	1,795.3
Investments in associates	7.6	659.0	713.2
Financial investments	9.3	95.6	107.0
Loans		197.0	98.6
Derivative financial instruments		6.9	4.7
Deferred taxes	7.10	295.5	243.6
Other non-current receivables and assets	9.4	840.0	902.2
Non-current income tax assets	7.10	22.5	14.9
Total non-current assets		**26,649.2**	**28,100.5**
Current assets			
Raw materials and consumables		1,273.7	1,344.6
Work in progress		378.3	420.7
Finished goods and goods for resale		989.6	1,067.1
Prepayments		28.7	24.9
Inventories	9.5	**2,670.3**	**2,857.3**
Current interest-bearing receivables		143.9	119.1
Trade receivables	9.6	2,005.2	2,108.9
Other current receivables and assets	9.4	606.9	656.5
Current income tax assets	7.10	53.9	47.1
Current financial investments		12.3	
Current derivative financial instruments		39.9	39.5
Cash and cash equivalents	8.13	3,266.5	3,220.1
Total current assets		**8,799.0**	**9,048.5**
Assets held for sale	7.11	23.3	152.7
Balance sheet total		**35,471.5**	**37,301.7**

Consolidated balance sheet – Equity and liabilities

€m	Notes	31 Dec. 2023	31 Dec. 2024
Equity			
Subscribed share capital	9.7	558.6	546.2
Share premium	9.8	6,262.1	6,274.5
Retained earnings	9.9	11,854.0	12,774.5
Other components of equity	9.10	-1,135.5	-449.6
Treasury shares	9.7	-298.0	-350.0
Total shareholders' equity of Heidelberg Materials AG		**17,241.3**	**18,795.6**
Non-controlling interests	9.11	1,133.5	1,179.3
Total equity		**18,374.8**	**19,974.8**
Non-current liabilities			
Bonds payable	9.14	5,389.9	5,598.9
Bank loans	9.14	46.6	142.9
Other non-current financial liabilities	9.14	1,022.9	1,042.7
Pension provisions	9.12	666.6	633.0
Deferred taxes	7.10	948.5	890.7
Other non-current provisions	9.13	1,370.9	1,505.5
Other non-current operating liabilities	9.14	70.3	104.1
Non-current income tax liabilities	7.10	196.5	150.4
Total non-current liabilities		**9,712.2**	**10,068.2**
Current liabilities			
Bonds payable (current portion)	9.14	1,471.6	1,078.7
Bank loans (current portion)	9.14	243.7	231.8
Other current financial liabilities	9.14	444.7	462.7
Pension provisions (current portion)	9.12	97.2	61.3
Other current provisions	9.13	313.1	287.4
Trade payables	9.14	3,156.5	3,288.6
Other current operating liabilities	9.14	1,430.9	1,534.2
Current income tax liabilities	7.10	224.5	293.9
Total current liabilities		**7,382.2**	**7,238.6**
Liabilities associated with assets held for sale	7.11	2.2	20.1
Total liabilities		**17,096.6**	**17,326.9**
Balance sheet total		**35,471.5**	**37,301.7**

Consolidated statement of changes in equity

€m					Other components of equity							
		Subscribed share capital	Share premium	Retained earnings	Cash flow hedge reserve	Asset revaluation reserve	Currency translation	Total other components of equity	Treasury shares	Total share-holders' equity of Heidelberg Materials AG	Non-controlling interests[1]	Total
	Notes	9.7	9.8	9.9				9.10	9.7		9.11	
1 January 2023		**579.3**	**6,241.4**	**10,809.1**	**110.8**	**20.2**	**–873.0**	**–741.9**	**–350.0**	**16,537.9**	**1,086.3**	**17,624.2**
First-time application IAS 29 Hyperinflation							51.0	51.0		51.0	2.4	53.4
1 January 2023 (adjusted)		**579.3**	**6,241.4**	**10,809.1**	**110.8**	**20.2**	**–822.0**	**–690.9**	**–350.0**	**16,588.9**	**1,088.8**	**17,677.7**
Profit for the financial year				1,928.9						1,928.9	157.9	2,086.9
Other comprehensive income				–93.6	–55.9		–367.7	–423.5		–517.2	–26.8	–544.0
Total comprehensive income				**1,835.3**	**–55.9**		**–367.7**	**–423.5**		**1,411.8**	**131.1**	**1,542.9**
Change in consolidation scope											7.6	7.6
Change in ownership interests in subsidiaries				–1.1						–1.1	–0.2	–1.3
Change in non-controlling interests with put options				10.3						10.3	–1.8	8.4
Transfer asset revaluation reserve				20.2		–20.2		–20.2				
Share-based payment of equity accounted investments				13.9						13.9		13.9
Capital increase from corporate funds											0.7	0.7
Other changes				0.4	–0.8			–0.8		–0.3	2.5	2.1
Acquisition of treasury shares									–298.0	–298.0		–298.0
Cancellation of treasury shares		–20.7	20.7	–350.0					350.0			
Dividends				–484.1						–484.1	–95.1	–579.2
31 December 2023		**558.6**	**6,262.1**	**11,854.0**	**54.2**		**–1,189.6**	**–1,135.5**	**–298.0**	**17,241.3**	**1,133.5**	**18,374.8**
1 January 2024		**558.6**	**6,262.1**	**11,854.0**	**54.2**		**–1,189.6**	**–1,135.5**	**–298.0**	**17,241.3**	**1,133.5**	**18,374.8**
Profit for the financial year				1,781.8						1,781.8	136.6	1,918.4
Other comprehensive income				–13.3	–11.8		697.6	685.9		672.6	13.7	686.3
Total comprehensive income				**1,768.5**	**–11.8**		**697.6**	**685.9**		**2,454.3**	**150.3**	**2,604.6**
Change in consolidation scope											7.0	7.0
Change in ownership interests in subsidiaries				–8.2						–8.2	–24.5	–32.7
Change in non-controlling interests with put options				–0.1						–0.1	–3.3	–3.4
Share-based payment of equity accounted investments				4.3						4.3		4.3
Capital increase from corporate funds											31.8	31.8
Other changes				0.3	–0.1			–0.1		0.2	–0.2	–0.0
Acquisition of treasury shares									–350.0	–350.0		–350.0
Cancellation of treasury shares		–12.4	12.4	–298.0					298.0			
Dividends				–546.2						–546.2	–115.3	–661.5
31 December 2024		**546.2**	**6,274.5**	**12,774.5**	**42.3**		**–492.0**	**–449.6**	**–350.0**	**18,795.6**	**1,179.3**	**19,974.8**

1) The accumulated currency translation differences included in non-controlling interests changed in 2024 by €18.7 million (previous year: –19.5) to –€237.0 million (previous year: –255.7). The total currency translation differences recognised in equity thus amount to –€729.0 million (previous year: –1,445.4).

Segment reporting / Part of the Group Notes

Group areas	Europe		North America		Asia-Pacific		Africa-Mediterranean-Western Asia		Group Services		Corporate Functions/ Reconciliation[1]		Continuing operations	
€m	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**
External revenue	9,555	9,452	5,219	5,311	3,670	3,531	2,143	2,171	591	691			21,178	21,156
Inter-Group areas revenue	11	14			35	24	146	124	669	605	–861	–767		
Revenue	**9,566**	**9,467**	**5,219**	**5,311**	**3,705**	**3,555**	**2,289**	**2,295**	**1,260**	**1,296**	**–861**	**–767**	**21,178**	**21,156**
Change to previous year in %		–1.0%		1.8%		–4.0%		0.2%		2.9%				–0.1%
Material costs	–3,450	–3,183	–1,750	–1,624	–1,765	–1,682	–1,109	–1,082	–953	–968	867	769	–8,160	–7,769
Personnel costs	–1,558	–1,586	–996	–1,007	–519	–518	–153	–163	–10	–14	–179	–182	–3,415	–3,470
Other operating expenses	–2,891	–3,018	–1,498	–1,488	–960	–926	–541	–564	–332	–325	–48	–36	–6,269	–6,356
Result from equity accounted investments (REI)	49	36	39	39	117	148	38	29	7	7	–17	–11	234	248
Result from current operations before depreciation and amortisation (RCOBD)	**1,883**	**1,885**	**1,181**	**1,407**	**643**	**648**	**590**	**576**	**31**	**38**	**–71**	**–55**	**4,258**	**4,499**
as % of revenue (operating margin)	19.7%	19.9%	22.6%	26.5%	17.4%	18.2%	25.8%	25.1%	2.5%	2.9%			20.1%	21.3%
Depreciation and amortisation	–516	–541	–326	–357	–245	–243	–124	–126	–1	–1	–25	–27	–1,236	–1,295
Result from current operations	**1,367**	**1,344**	**856**	**1,049**	**399**	**405**	**466**	**450**	**31**	**37**	**–96**	**–82**	**3,022**	**3,204**
as % of revenue	14.3%	14.2%	16.4%	19.8%	10.8%	11.4%	20.4%	19.6%	2.5%	2.9%			14.3%	15.1%
Additional ordinary result											1	–436	1	–436
Earnings before interest and taxes (EBIT)											**3,023**	**2,768**	**3,023**	**2,768**
Capital expenditures [2]	**634**	**715**	**337**	**281**	**143**	**185**	**108**	**104**	**13**	**16**	**614**	**843**	**1,850**	**2,143**
Segment assets [3]	**7,834**	**8,374**	**9,033**	**9,957**	**4,146**	**4,188**	**1,821**	**1,701**	**1**	**1**			**22,834**	**24,221**

1) Corporate Functions/Reconciliation includes:
a) intra Group revenues = eliminations of intra-Group relationships between the segments
b) results from current operations before depreciation and amortisation/depreciation from corporate functions
c) additional ordinary result and earnings before interest and taxes
2) Capital expenditures = in the segment columns: cash effective investments in property, plant and equipment as well as intangible assets; in the reconciliation column: cash effective investments in non-current financial assets and other business units
3) Segment assets = property, plant and equipment as well as intangible assets

Group Notes

1 General information

Heidelberg Materials AG is a public limited company based in Germany. The company has its registered office in Heidelberg, Germany. Its address is: Heidelberg Materials AG, Berliner Straße 6, 69120 Heidelberg. The company is registered at the Mannheim Local Court (HRB 330082).

The core activities of Heidelberg Materials include the production and distribution of cement, aggregates, ready-mixed concrete, and asphalt.

2 Accounting and valuation principles

2.1 Accounting principles

The consolidated financial statements of Heidelberg Materials AG as at 31 December 2024 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the additional requirements of German Commercial Law pursuant to section 315e(1) of the German Commercial Code (Handelsgesetzbuch, HGB). All binding IFRSs for the 2024 financial year adopted into European law by the European Commission, including the interpretations of the IFRS Interpretations Committee (IFRS IC), were applied. The previous year's figures were determined according to the same principles.

The consolidated financial statements cover the period from 1 January 2024 to 31 December 2024 and are prepared in euro. Unless otherwise stated, all amounts are given in millions of euros (€m). The amounts have been rounded in accordance with standard commercial practice. The financial statements show a true and fair view of the assets, financial, and earnings position of the Heidelberg Materials Group.

In accordance with IAS 1 (Presentation of Financial Statements), the consolidated financial statements contain a balance sheet as at the reporting date, an income statement, a statement of comprehensive income, a statement of changes in equity, and a statement of cash flows in accordance with the principles of IAS 7 (Statement of Cash Flows). The segment reporting is prepared in accordance with the regulations of IFRS 8 (Operating Segments).

For reasons of clarity, some individual items have been combined in the income statement and in the balance sheet. Explanations of these items are contained in the Notes. The income statement classifies expenses according to their nature. To improve the level of information, the additional ordinary result is shown separately in the income statement. This item shows income and expenses that, although occurring in the course of ordinary business activities, are not reported in result from current operations. This includes, in particular, impairment of goodwill, other intangible assets and property, plant and equipment, gains and losses from the disposal of subsidiaries and other business units, expenses from additions to or income from the reversal of provisions for legal proceedings, restructuring expenses pursuant to IAS 37, expenses directly related to the rebranding of our Group companies, and transaction costs for business combinations and disposals.

2.2 Scope of consolidation

In addition to Heidelberg Materials AG, the consolidated financial statements include subsidiaries, joint arrangements, and associates.

Subsidiaries are characterised by the fact that Heidelberg Materials can exercise control over these companies. Control exists when Heidelberg Materials has decision-making power, is exposed to variable returns, and is able to influence the level of the variable returns as a result of the decision-making power. Normally, this is the case when more than 50% of the shares are owned. If contracts or legal regulations stipulate that a company can be controlled despite a shareholding of less than 50%, this company is included in the consolidated financial statements as a subsidiary. If a company cannot be controlled with a shareholding of more than 50% as a result of contracts or legal regulations, this company is not included in the consolidated financial statements as a subsidiary.

In joint arrangements, Heidelberg Materials exercises joint control over a company with one or more parties through contractual agreements. Joint control exists if decisions about the relevant activities of the company must be made unanimously. Depending on the rights and obligations of the parties, joint arrangements may be joint operations or joint ventures. In joint operations, however, the controlling parties have direct rights to the assets and obligations for the liabilities of the jointly controlled operation. Joint ventures are characterised by the fact that the parties that have joint control participate in the net assets of the company by virtue of their position as shareholders.

In associates, Heidelberg Materials has a significant influence on the operating and financial policies of the company. This is normally the case if Heidelberg Materials holds between 20% and 50% of the voting rights in a company.

2.3 Consolidation principles

The capital consolidation of subsidiaries is performed using the acquisition method pursuant to IFRS 3 (Business Combinations). In this process, the acquirer measures the identifiable assets acquired and liabilities assumed at their fair values at the acquisition date. The acquiring entity's investment, measured at the fair value of the consideration transferred, is eliminated against the revalued equity of the newly consolidated subsidiary at acquisition date. The residual positive difference between the fair value of the consideration transferred and the fair value of acquired assets and liabilities is shown as goodwill. A residual negative difference is recognised in profit or loss after further review. Non-controlling interests can be recognised either at their proportionate share of the acquiree's net assets or at fair value. This option can be applied separately for every business combination.

Income and expenses as well as receivables and payables between consolidated companies are eliminated. Profits and losses from intra-Group sales of assets are eliminated. The consequences of consolidation on income tax are taken into account by recognising deferred taxes.

The share of equity and the share of profit or loss for the financial year attributable to non-controlling interests of consolidated subsidiaries are shown separately. In the case of put options held by non-controlling interests, the total comprehensive income attributable to the non-controlling interests as well as the dividend payments to non-controlling interests are shown over the course of the year as changes in equity. At the reporting date, non-controlling interests with a put option were reclassified as financial liabilities. The financial liability is measured at the present value of the redemption amount. Differences between the carrying amount of the non-controlling interests and the present value of the redemption amount are recognised directly in equity. In the case of non-controlling interests in German partnerships, changes in the value of the settlement obligation are recognised in profit or loss in the financial result. In the statement of changes in equity, this is reported in the line Change in non-controlling interests with put options.

In the event of business combinations achieved in stages, Heidelberg Materials achieves control of a company in which it held a non-controlling equity interest immediately before the acquisition date. In this scenario, differences between the carrying amount and the fair value of previously held shares are recognised in profit or loss. Changes in the ownership interest in a subsidiary that do not lead to a loss of control are recognised outside profit or loss as equity transactions. In the case of transactions that lead to a loss of control, any residual interests are remeasured at fair value through profit or loss.

In joint operations, the assets, liabilities, income and expenses, as well as cash flows are included pro rata in the consolidated financial statements in accordance with the rights and obligations of Heidelberg Materials.

Joint ventures and associates are accounted for using the equity method. Initially, the acquired investments are recognised at cost. In subsequent years, the carrying amount of the investment is increased or decreased according to the share of Heidelberg Materials in the comprehensive income of the investee. Dividend payments received from investees reduce the carrying amount. Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's participation in these companies. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. When the share of losses attributable to Heidelberg Materials in the company in which a participating interest is held equals or exceeds the carrying amount of the investment, no further shares of losses are recognised. If the investee subsequently reports profits, the investor resumes recognising its share of these profits only after the share in profit equals the share of losses not yet recognised.

Subsidiaries, joint operations, joint ventures, and associates that do not have a material impact on the assets, financial, and earnings position of the Group, either individually or collectively, are accounted for at cost less impairment and shown as financial investments. In each case, the financial data of the immaterial subsidiaries accounted for less than 1% of Group revenue, equity, and balance sheet total.

2.4 Currency translation

The separate financial statements of the Group's foreign subsidiaries are translated into euro pursuant to IAS 21 (The Effects of Changes in Foreign Exchange Rates) using the concept of functional currency. In general, for operating companies, the functional currency is the local currency of the country in which the subsidiary is based, since all foreign subsidiaries are financially, economically, and organisationally independent in the conduct of their business. Assets and liabilities are translated using the middle rates at the reporting date, with equity, in contrast, using the historical exchange rates. The translation differences resulting from this are recognised outside profit or loss in other components of equity through other comprehensive income until the subsidiary is disposed of. The proportionate equity of the foreign joint ventures and associates is translated in accordance with the procedure described for subsidiaries. Income and expenses are translated using average annual exchange rates. The differences arising from the translation at the closing rate are also recognised outside profit or loss in other components of equity through other comprehensive income.

Foreign currency transactions in the companies' separate financial statements are recorded at the spot exchange rate at the date of the transaction. Exchange gains or losses from the measurement of monetary items in foreign currency at the closing rate up to the reporting date are recognised in profit or loss. Exchange differences arising from foreign currency borrowings, to the extent that they are part of a net investment in a foreign operation, form an exception to recognition in profit or loss. They are part of a net investment in a foreign operation if settlement is neither planned nor likely to occur in the foreseeable future. These translation differences are recognised directly in equity via other comprehensive income and only reclassified to profit or loss on disposal of the business. Non-monetary items in foreign currency are recorded at historical exchange rates.

The following table shows the key exchange rates used in the translation of the separate financial statements denominated in foreign currencies into euro.

Exchange rates

EUR		Exchange rates at reporting date		Average exchange rates	
		31 Dec. 2023	**31 Dec. 2024**	2023	**2024**
AUD	Australia	1.6206	1.6732	1.6290	1.6403
CAD	Canada	1.4606	1.4890	1.4593	1.4821
GBP	Great Britain	0.8669	0.8275	0.8697	0.8466
INR	India	91.9427	89.2005	89.3056	90.5354
IDR	Indonesia	17,018	16,734	16,460	17,209
MAD	Morocco	10.8963	10.4896	10.9558	10.7553
NOK	Norway	11.2239	11.7853	11.4219	11.6325
PLN	Poland	4.3430	4.2792	4.5408	4.3050
SEK	Sweden	11.1375	11.4600	11.4744	11.4370
USD	USA	1.1039	1.0354	1.0816	1.0819

Hyperinflation

Turkey (since 30 June 2022) and Ghana (since 31 December 2023) have been classified as hyperinflationary in accordance with IAS 29 (Financial Reporting in Hyperinflationary Economies). In order to reflect the change in purchasing power, activities in these countries are therefore not recognised on the basis of historical acquisition or production costs, but adjusted for the effects of inflation. The Turkish consumer price index is used for the activities of our joint venture Akçansa Çimento Sanayi ve Ticaret A.Ş., and the consumer price index published by the Ghana Statistical Service is used for the activities of our subsidiaries that are based in Ghana and whose functional currency is the cedi (GHS). The balance sheet items as well as expenses and income are then translated into the reporting currency euro at the closing rate. As in the previous year, the resulting effect on the result from equity accounted investments (REI) and other operating income are of minor importance.

2.5 Recognition and measurement principles

The consolidated financial statements are generally prepared using the historical cost principle. Exceptions to this are derivative financial instruments and certain non-derivative financial assets, which are measured at fair value. Furthermore, the carrying amounts of the assets and liabilities recognised in the balance sheet, which represent the hedged items in fair value hedges and are otherwise accounted at cost, are adjusted as a result of changes in the fair values assigned to the hedged risks. The fundamental recognition and measurement principles are outlined below.

Intangible assets are initially measured at cost. In subsequent periods, intangible assets with a finite useful life are measured at cost less accumulated amortisation and impairment, and intangible assets with an indefinite useful life are measured at cost less accumulated impairment. Intangible assets with a finite useful life are amortised using the straight-line method.

Pursuant to IFRS 3 (Business Combinations), **goodwill** is not amortised. Instead, goodwill is tested for impairment according to IAS 36 (Impairment of Assets) at least once a year in the fourth quarter after completion of the current operational plan or upon the occurrence of significant events or changes in circumstances that indicate an impairment requirement. In this impairment test, the carrying amount of a group of cash-generating units (CGUs) to which goodwill is allocated is compared with the recoverable amount of this group of CGUs. On the basis of the sales and management structure, a group of CGUs is defined generally as a country or Group area; exceptions are the cross-border Nordic Precast Group and the Mibau Group. As soon as the carrying amount of a group of CGUs to which goodwill is allocated exceeds its recoverable amount, an impairment loss of the allocated goodwill is recognised in profit or loss. The recoverable amount is the higher of fair value less costs of disposal and the value in use of a group of CGUs. The fair value is the best estimate of the price at which an independent third party would acquire a group of CGUs. The value in use is calculated by discounting estimated future cash flows after taxes with a post-tax risk-adjusted discount rate (weighted average cost of capital – WACC).

Property, plant and equipment are accounted for according to IAS 16 (Property, Plant and Equipment) at cost less accumulated depreciation and impairment. Existing asset retirement obligations are also capitalised. Cost includes all costs that can be attributed to the manufacturing process and appropriate amounts of production overheads. Costs for repair and maintenance of property, plant and equipment are generally expensed as incurred. Capitalisation takes place if the measures lead to an extension or significant improvement of the asset. Property, plant and equipment are depreciated on a straight-line basis unless there is another depreciation method more appropriate for the pattern of use. Scheduled depreciation of property, plant and equipment is determined on the basis of the following Group-wide useful lives.

Useful lives

	Years
Buildings	20 to 40
Technical equipment and machinery	10 to 30
Plant and office equipment	5 to 15

Exploitation land and mineral reserves are amortised using the unit of production method. Borrowing costs that can be allocated directly or indirectly to the construction of large facilities with a creation period of more than 12 months (qualifying assets) are capitalised as part of the cost in accordance with IAS 23 (Borrowing Costs).

Government grants for the acquisition or construction of property, plant and equipment reduce the cost of the respective assets. Investment grants are reported as soon as there is reasonable assurance that the conditions attached to them have been met and that the grants will be received in full. Grants received are reported separately in the cash flow from investing activities. Other expenditure-related grants or subsidies are recognised in profit or loss in the period in which the corresponding expenses to be compensated are recognised.

Leases are accounted for pursuant to IFRS 16 (Leases). According to IFRS 16, the lessee has a fundamental obligation to recognise rights and obligations arising under leases in the balance sheet. Lessees account for the right-of-use asset in the fixed assets as well as a corresponding lease liability.

The lease liability is measured at the present value of the lease payments to be made during the term of the lease. In addition, payments connected with purchase options and term extension options are taken into account if their exercise is reasonably certain. The lease payments are discounted at the incremental borrowing rate. This is generally the interest rate that the lessee would have to pay in order to raise the necessary debt capital to acquire an asset offering a comparable right of use in a similar economic environment, with a similar term and security or similar conditions. The lease liabilities are reported in the other financial liabilities. The costs of the right-of-use asset include the initially recognised amount of the lease liability as well as any additional costs connected with the lease. The lease liability is compounded in subsequent periods and reduced by the amount of the lease payments made. The right-of-use assets are depreciated over the term of the underlying lease. If the ownership of the leased asset is transferred to the Group at the end of the lease term or the exercise of a purchase option is included in the cost of the right-of-use asset, the depreciation takes place on the basis of the expected useful life of the underlying leased asset.

In the case of leases for vehicles and ships that contain lease and non-lease components, Heidelberg Materials separates the components so that only the lease components are accounted for in accordance with the regulations of IFRS 16. No right-of-use assets or lease liabilities are recognised for leases with a term of up to 12 months and contracts for low-value assets. The expenditure on these leases is recognised in the period in which it arises in the other operating expenses; the payments are shown under cash flow from operating activities in the statement of cash flows. The same applies to variable lease payments not linked to an index or (interest) rate. Leases for exploitation land do not fall within the scope of IFRS 16. These leases are considered pending transactions and the expenses are recognised in the material costs in the period in which they arise.

Inventories are measured pursuant to IAS 2 (Inventories) at the lower of cost and net realisable value using the weighted average cost method. Adequate provisions are made for risks relating to quality and quantity. Besides direct expenses, the costs for finished goods and work in progress include production-related indirect materials and indirect labour costs, as well as production-related depreciation. The overhead rates are calculated on the basis of the average operating performance rate. Borrowing costs are not recognised as part of the costs because the production period is less than 12 months. Spare parts for equipment are generally reported under inventories. If they were acquired in connection with the acquisition of the equipment, or in a separate acquisition meet the definition of an asset, then they are reported under property, plant and equipment.

Emission rights are reported under raw materials and consumables. Emission rights granted free of charge by the public sector are initially measured at a nominal value of zero. Emission rights acquired for consideration are accounted for at cost and measured at the lower of cost and net realisable value using the average cost method. Provisions for the obligation to return emission rights are recognised if the actual CO_2 emissions up to the reporting date are not covered by emission rights granted free of charge. The amount of provision for emission rights already acquired for consideration is measured at the carrying amount and, for emission rights yet to be acquired in order to fulfil the obligation, at the market value as at the reporting date.

Treasury shares acquired are recognised at the settlement date at the consideration paid, including any directly attributable additional costs, and are deducted from equity in a separate item until the shares are cancelled, re-issued, or resold. Both the purchase or sale and any subsequent cancellation of treasury shares are recognised directly in equity.

Pension provisions and similar obligations are determined pursuant to IAS 19 (Employee Benefits). For numerous employees, the Group makes provisions for retirement either directly or indirectly through contributions to pension funds. Various post-employment benefit plans are in place, depending on the legal, economic, and tax framework in each country, which are generally based on employees' years of service and remuneration. The pension provisions include those from current pensions and from entitlements from pensions to be paid in the future.

At Heidelberg Materials, the company pension schemes include both defined contribution and defined benefit plans. In defined contribution plans, the Group pays contributions into external funds. After paying the contributions, the Group has no further benefit obligations. In defined benefit plans, the Group's obligation is to provide the agreed benefits to current and former employees. A distinction is made between benefit systems financed by provisions and those financed by funds.

The most significant post-employment benefit plans financed by funds exist in the United Kingdom, the USA, Belgium, Norway, Indonesia, and Australia. The retirement benefit system in Indonesia consists of a statutory defined benefit plan and a company-based defined contribution plan financed by funds, the benefits from the latter may be set off from the statutory benefits. In Germany, Sweden, and France, the retirement benefit plans are predominantly financed by means of provisions. Heidelberg Materials also has a number of post-retirement medical benefit plans financed by provisions to cover the health care costs of pensioners mainly in the USA, France, Belgium, Morocco, and Canada. In addition, the Group grants its employees other long-term benefits, such as anniversary benefits, partial retirement arrangements, or early retirement benefits. The Group areas or countries North America, the United Kingdom, and Germany account for around 90% of the defined benefit obligations.

All material defined benefit pension plans in North America have been closed to new entrants, the majority of these have been frozen for future accruals. In North America, a retirement plans committee has been established by Heidelberg Materials to serve as oversight of the pension administration, the fiduciary responsibilities of Heidelberg Materials in relation to the retirement plans, and Heidelberg Materials' role as plan administrator. The regulatory framework for each of the qualified pension plans in the USA has a minimum funding requirement based on the statutory funding objective agreed with the plan administrator. In the USA, the Employee Retirement Income Security Act of 1974 (ERISA) provides the national legal framework. ERISA sets minimum standards for participation, vesting, the funding status of the pension plan, and the accountability of plan fiduciaries.

In the United Kingdom, the main defined benefit pension plans operate under UK trust law and under the guidelines of the UK Pensions Regulator. These plans are run by groups of trustees, some of whom are appointed by the sponsoring employer and some of whom are nominated by the plan members. Under UK law, the trustees are obligated to meet the statutory funding objective of having sufficient assets to cover the schemes' technical provisions. Benefits are granted under a number of plans, many of which are final salary plans. All of the main defined benefit pension plans in the United Kingdom are closed to new entrants and to future accruals. As such, the liabilities are expected to trend downwards in the medium to long term as benefits are paid out gradually. Liability-driven investment (LDI) strategies are used extensively, and the pension plans are, in aggregate, overfunded as at the reporting date. As pension benefits in the United Kingdom receive inflationary increases after benefit commencement, these benefits are subject to inflation risk. This risk is mitigated in many cases through the use of LDI products and/or caps on the maximum pension indexation granted. Given the closed nature of the main arrangements, the defined benefit obligation in the United Kingdom is only marginally impacted by the salary trend assumption.

In Germany, pension plans operate under the framework of the German Company Pension Law (Betriebsrentengesetz, BetrAVG) and general regulations based on German Labour Law. The main pension plans were closed to new entrants in 2005. Employees hired prior to 2006 continue to earn benefits under these arrangements, which are final salary and/or years of service related. In addition, individual pension entitlements have been granted to the members of the Managing Board and to executives. The German pension benefits are largely unfunded.

The liabilities in respect of the benefits granted are subject to the following major risks:

- Discount rate risks in all cases where falling market interest rates could result in a higher present value of the remaining future obligations
- Inflation risks (in particular where benefits are linked to salary, or pension payments are subject to inflation adjustments)
- Asset performance risks in countries where pension plans are funded (such as the United Kingdom and the USA); these risks have been partially mitigated through the use of liability-driven investment strategies
- Longevity risks in cases where benefits would be paid for a longer period in the future than is currently anticipated in the mortality tables used
- Changes to national funding requirements may increase contributions, and changes in national law might also mandate rises in benefits beyond those presently agreed upon

The defined benefit obligations and plan assets are valued annually by independent experts for all major Group companies. The defined benefit obligations and the expenses required to cover these obligations are measured in accordance with the internationally accepted projected unit credit method.

For the purpose of financial reporting, the actuarial assumptions are dependent on the economic situation in each individual country. The interest rate is based on the interest income achieved on the measurement date for high-quality corporate bonds (AA rating) in the relevant currency with a duration corresponding to the pension plans concerned. In countries or currency areas without a deep market for high-quality corporate bonds, the interest rate is determined on the basis of government bonds or using approximation methods.

Actuarial gains and losses may result from increases or decreases in the present value of the defined benefit obligations. These may be caused by, for example, changes in the calculation parameters or deviations between the actual and expected development of the pension obligations. These amounts, as well as the difference between the actual asset performance and the interest income recognised in profit or loss, and the effect of the asset ceiling are reported in other comprehensive income.

Defined contribution accounting has been applied for certain multi-employer pension plans for which insufficient information is available to apply defined benefit accounting.

Other provisions are recognised in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) if, as a result of past events, there are legal or constructive obligations towards third parties that are likely to lead to outflows of resources embodying economic benefits that can be reliably determined. The provisions are calculated on the basis of the best estimate, taking into account all identifiable risks.

The capital market components of the Group-wide virtual stock option plan are accounted for as cash-settled, share-based payment transactions pursuant to IFRS 2 (Share-based Payment). As at the reporting date, a provision is recognised pro rata temporis in the amount of the fair value of the payment obligation. Changes in the fair value are recognised in profit or loss. The fair value of the options is determined using a recognised option price model.

The **current tax expense** is determined according to the local tax regulations in which the respective Group company operates. Local tax liabilities not yet covered by prepayments are presented as non-current or current tax liabilities in the financial statements, depending on the expected cash outflow. Any overpayments are capitalised as current or non-current tax receivables.

Deferred tax assets and liabilities are recognised in accordance with the balance sheet liability method (IAS 12 Income Taxes). This means that deferred taxes are principally recognised for all temporary differences between the IFRS amount and the tax amount. No deferred taxes are recognised for temporary differences from goodwill, unless tax-deductible goodwill exists at the same time. Deferred tax assets are only recognised to the extent that it is probable that taxable income will be sufficiently available in the future. Furthermore, deferred tax assets are recognised on unused tax losses carried forward, to the extent that the probability of their recovery in subsequent years is sufficiently high. Deferred tax liabilities are considered in connection with undistributed profits from subsidiaries, joint ventures, and associates, unless Heidelberg Materials is able to control the dividend policy of the companies and no dividend distribution or disposal is anticipated in the foreseeable future. The deferred taxes are measured using the rates of taxation that, as at the reporting date, are applicable or have been announced as applicable in the individual countries for the period when the deferred taxes are realised. Deferred tax assets and liabilities are offset if there is an enforceable right to set off current tax assets and liabilities and if they relate to income taxes levied by the same taxing authority and the Group intends to settle its current tax assets and liabilities on a net basis. In principle, changes in the deferred taxes in the balance sheet lead to deferred tax expense or income. If circumstances that lead to a change in the deferred taxes are recognised outside profit or loss in other comprehensive income or directly in equity, the change in deferred taxes is also taken into account in other comprehensive income or directly in equity. If the item is subsequently reversed through other comprehensive income, the deferred tax is also reversed through other comprehensive income.

Financial instruments are any contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The financial instruments include non-derivative and derivative financial instruments.

The **non-derivative financial assets** include investments in equity instruments and debt instruments. These assets are divided into the amortised cost, fair value through other comprehensive income, and fair value through profit or loss measurement categories when initially recognised, pursuant to IFRS 9 (Financial Instruments).

Investments in equity instruments are in principle measured at fair value. The gains and losses resulting from the subsequent measurement are recognised either in profit or loss or directly in equity through other comprehensive income. For investments in equity instruments that are not held for trading, an individual decision can be made for each participation, when initially recognised, as to whether it is measured at fair value through profit or loss or through other comprehensive income. Investments are generally measured at fair value through profit or loss and are therefore allocated to the financial investment category fair value through profit or loss, provided that there is no significant influence on the investee. If a participation is irrevocably allocated to the category fair value through other comprehensive income, the gains and losses resulting from the subsequent measurement are recognised outside profit or loss in other comprehensive income. After the participation is derecognised, the gains and losses will not be subsequently reclassified from fair value through other comprehensive income to profit or loss. Dividends received from these participations are recognised in profit or loss.

For debt instruments, the initial recognition of a financial asset is at fair value plus transaction costs directly attributable to the acquisition, provided that the financial asset is not measured at fair value through profit or loss. For financial assets recognised at fair value through profit or loss, attributable transaction costs are recognised directly as an expense in profit or loss. The subsequent measurement is based on the cash flow characteristics and the business model in use. Accordingly, Heidelberg Materials divides its debt instruments into the following two measurement categories:

- At amortised cost (AC): Financial assets held for the collection of contractual cash flows that are solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is recognised in the financial result using the effective interest method. All gains or losses resulting from derecognition, impairment losses, or currency translation are recognised directly in profit or loss. Impairment losses represent probability-weighted estimates of credit losses. They are calculated on the basis of the best available information and the time value of money. Reversals are carried out if the reasons for the impairment losses no longer apply. Financial assets measured at amortised cost include non-current receivables, interest-bearing receivables, trade receivables, and other current operating receivables. In principle, the amortised cost in the case of current financial assets corresponds to the carrying amount.

- Fair value through profit or loss (FVTPL): Financial assets for which the cash flow condition is not met because there are not only payments of principal and interest on the nominal amount outstanding are measured at fair value through profit or loss. Financial assets held for the purpose of sale are also assigned to this measurement category. This category mainly includes trade receivables that are intended for sale in the context of factoring transactions. Changes in the fair value and income from these assets are recognised directly in profit or loss in the period in which they are incurred.

Financial assets are derecognised from the balance sheet at the point in time that the contractual rights to cash flows from the asset expire or the financial asset is transferred. Transferred financial assets are fully derecognised if all risks and rewards are substantially transferred to the acquirer. If the risks and rewards are only partially transferred (risk sharing), the assets continue to be recognised to the extent of the maximum risk retained due to the impossibility of resale.

Financial assets are also derecognised when there is no prospect of recovery, for example if enforcement measures have been unsuccessful, insolvency proceedings have been discontinued due to lack of assets, or the debt has since become statute barred. No further enforcement activities will subsequently be taken.

Non-derivative financial liabilities are initially recognised at the fair value of the consideration received or at the value of the cash received less transaction costs incurred, if applicable. These instruments are subsequently measured at amortised cost, using the effective interest method if applicable. In principle, the amortised cost in the case of current financial liabilities corresponds to the nominal value or the redemption amount. Non-derivative financial liabilities include trade payables, other operating liabilities, and financial liabilities. The Group has not yet made use of the possibility of designating non-derivative financial liabilities, when initially recognised, as financial instruments at fair value through profit or loss.

All non-derivative financial instruments at amortised cost are accounted for at the settlement date, whereas non-derivative financial instruments at fair value through profit or loss are accounted for at the trade date.

At Heidelberg Materials, **derivative financial instruments** are generally used to minimise financial risks and include stand-alone derivatives such as currency, interest rate, and commodity derivatives as well as embedded electricity derivatives.

In principle, embedded derivatives must be separated from the non-derivative host contract and recognised separately if the economic characteristics and risks of the embedded derivative are not closely linked to the economic characteristics and risks of the host contract. Separation is not required if the entire contract is already measured at fair value through profit or loss, for example because it is a financial asset and the cash flow criterion has been violated.

Derivative financial instruments are measured at fair value both on their initial accounting on the trade date and in subsequent periods. The valuations are derived from the market or determined using recognised valuation methods (discounted cash flow or option price models). In particular, currency exchange rates, interest rate curves, and raw material prices are used, which can be observed in the corresponding markets. If market prices are no longer available for long-term commodity futures, the prices available on the market are extrapolated for the valuation. Derivatives are recognised as assets if their fair value is positive and as liabilities if their fair value is negative.

Whether changes in fair value are recognised in profit or loss or directly in equity depends on whether the derivative financial instrument is designated as being in an effective hedging relationship (hedge accounting) pursuant to IFRS 9 and the type of the underlying transaction.

Derivative financial instruments held for trading are classified in the category fair value through profit or loss (FVTPL). The changes in fair values are recognised immediately in profit or loss. Within the context of the Group strategy, derivative financial instruments held for trading generally represent an effective hedge in an economic sense, because the changes in the fair values of these derivative financial instruments are principally offset by changes in the fair values of the hedged items.

In **hedge accounting**, in order to avoid volatility in the income statement, the accounting of the hedged item and the hedge of a hedging relationship is modified so that the results of measuring the hedged item or hedge are recognised in the period incurred directly in equity or in profit or loss. Heidelberg Materials uses cash flow hedges and fair value hedges. At the beginning of each hedge, the clear hedging relationship between the hedged item and the hedging instrument as well as the objectives and the risk management strategy are documented and the effectiveness of the hedge is demonstrated. The effectiveness of existing hedges is continuously monitored.

When hedging future cash flows (cash flow hedges), the effective portion of the changes in the fair value of the hedging instrument is recognised directly in equity through other comprehensive income. The ineffective portion of the hedging instrument is recognised immediately in profit or loss. When the hedged item is realised, the amounts recognised in equity are either reclassified directly to the acquisition costs of the hedged item, if this leads to the recognition of a non-financial asset or a non-financial liability, or reclassified to the income statement at the same time that the hedged item is recognised in profit or loss. Heidelberg Materials accounts for the hedging of the currency risk of off-balance sheet firm commitments as a cash flow hedge. In this case, only the spot component is designated as a hedging instrument. The change in the forward component of the currency derivative is recognised in profit or loss in the other financial result.

In the case of fair value hedges of balance sheet items, both the hedging instrument and the effective portion of the hedged portion of the risk of the underlying transaction are measured at fair value. The change in fair value of the hedging instrument and the hedged item are recognised simultaneously in the same item in profit or loss.

Contracts concluded for the purpose of receiving or supplying non-financial items pursuant to Heidelberg Materials' expected purchase, sale, or usage requirements and held as such (own use contracts) are accounted for as pending transactions rather than derivative financial instruments. Written options for the purchase or sale of non-financial items that can be cash-settled are not classified as own use contracts.

Both physical and virtual **long-term power purchase agreements** (PPAs) have been concluded to secure the supply of electricity from renewable energy sources. Depending on their structure, the physical PPAs are accounted for as lease contracts in accordance with IFRS 16 with fully variable lease payments or as pending transactions in accordance with IFRS 9, using the own use exception. The terms are up to 20 years. In addition, virtual PPAs with a term of up to 10 years have also been concluded in some cases. The embedded electricity price differential contracts are accounted for as derivatives that are designated in a cash flow hedge.

Assets held for sale and discontinued operations are shown separately in the balance sheet if they can be sold in their present condition and the sale is highly probable. Assets classified as held for sale are recognised at the lower of their carrying amount and fair value less costs to sell, unless another value is to be recognised under other standards. According to their classification, liabilities directly connected with these assets are shown in a separate line on the liability side of the balance sheet.

For discontinued operations, the net result is shown in a separate line in the income statement. In the statement of cash flows, the cash flows are broken down into continuing and discontinued operations. For discontinued operations, the previous year's figures in the income statement, the statement of cash flows, and the segment reporting are adjusted accordingly in the year of the reclassification. The Notes include additional details on the assets held for sale and discontinued operations.

Contingent liabilities and assets are, on the one hand, possible obligations or assets arising from past events and whose existence depends on the occurrence or non-occurrence of one or more uncertain future events that are not within the Group's control. On the other hand, contingent liabilities are current obligations arising from past events for which there is unlikely to be an outflow of resources embodying economic benefits or where the scope of the obligation cannot be reliably estimated. Contingent liabilities are not recognised in the balance sheet unless they are current obligations that have been taken on as part of a business combination. Contingent assets are only recognised in the balance sheet if they are virtually certain. Insofar as an outflow or inflow of economic benefits is possible, details of contingent liabilities and assets are provided in the Notes.

Income is recognised when control of a promised good or service is transferred to a customer. It is measured at the fair value of the consideration received or receivable, including variable consideration; sales tax and other duties collected on behalf of third parties are not taken into account.

Heidelberg Materials primarily generates **revenue** from simply structured sales of building materials, such as cement, aggregates (including processed primary raw materials), ready-mixed concrete, and asphalt, for which the control is transferred to the customer at a specific point in time. In the context of the sale of the products, separate performance obligations may arise from transport services as well as from services directly related to the sale of the products. These services are generally performed at the time that the control of the products is transferred. In a few isolated cases, particularly in the recycling business, revenue is recognised over time. In a few exceptional cases, the transport services are performed after the control of the products has been transferred. In accordance with IFRS 15 (Revenue from Contracts with Customers), the revenue relating to these transport services is realised later than the corresponding product revenue. The revenue is measured on the basis of the consideration defined in the contract with a customer, including variable consideration, such as discounts, volume rebates, or other contractual price reductions. The variable consideration is estimated on the basis of the most likely amount. However, variable consideration is only included if it is highly probable that a significant reversal of revenue will not occur once the uncertainty related to the variable consideration is resolved. As the period between the date on which Heidelberg Materials transfers the promised goods or services to the customer and the date on which the customer pays for these goods or services is generally one year or less, no financing components are taken into account. Contract assets and contract liabilities are recognised as soon as one of the contracting parties has commenced performance of the contract. If the right to consideration is unconditional, it is recognised as a trade receivable. Heidelberg Materials grants its customers country- and industry-specific payment terms, which normally include payment within 30 to 60 days after the date of invoicing. Contract assets and contract liabilities are not shown separately in the balance sheet but under other operating receivables and assets and other operating liabilities respectively. They are shown separately in the Notes. Costs directly attributable to obtaining or fulfilling the contract are recognised as an expense when they are incurred, as the amortisation period is generally no longer than one year.

Interest income is recognised pro rata temporis using the effective interest method.

Dividend income is realised when the legal entitlement to payment arises.

3 Application of new accounting standards and other changes

3.1 Initial application of accounting standards in the financial year

In the 2024 financial year, Heidelberg Materials applied the following standards and interpretations of the International Accounting Standards Board (IASB) for the first time.

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

These new regulations had no significant impact on the assets, financial, and earnings position of the Group.

As a result of the implementation of the amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements, the Group has provided additional disclosures about its supplier finance arrangements in the Notes in Note 9.14. In accordance with the transitional provisions, Heidelberg Materials has not provided comparative information for 2023.

3.2 Published, but not yet applicable accounting standards

The IASB and IFRS IC have adopted additional standards and interpretations that may impact the assets, financial, and earnings position of the Heidelberg Materials Group, but whose application was not yet mandatory for the 2024 financial year.

Published, but not yet applicable accounting standards

Title	Date of initial application[1]	Endorsement by the EU Commission
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025	yes
Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments	1 January 2026	no
Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026	no
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026	no
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027	no

1) Fiscal years beginning on or after that date.

Heidelberg Materials will not apply these standards and interpretations until the date when their application first becomes mandatory and after endorsement by the European Commission.

The standards and interpretations listed are not expected to have a significant impact on the assets, financial, and earnings position of the Group. The effects of IFRS 18 are currently being reviewed, particularly with regard to the structure of the consolidated income statement and statement of cash flows, as well as the additional disclosure requirements for certain management-defined performance measures. The Group is also reviewing the impact on the way in which information is grouped in the financial statements.

3.3 Other changes

In connection with the reorganisation of responsibilities within the Managing Board, which was approved in the third quarter of 2023 and came into effect on 1 January 2024, the Group areas were restructured and reporting was adjusted accordingly. Since 1 January 2024, the majority of the Northern and Eastern Europe-Central Asia Group area has been combined with Western and Southern Europe to form the Europe Group area. Member of the Managing Board Jon Morrish, previously responsible for Western and Southern Europe, has since been responsible for this newly created Group area. Kazakhstan and Russia have been combined with the former Africa-Eastern Mediterranean Basin Group area. This Group area is now called Africa-Mediterranean-Western Asia and falls under the responsibility of member of the Managing Board Hakan Gurdal. Roberto Callieri has taken on responsibility for Asia in the Asia-Pacific Group area as a member of the Managing Board. René Aldach has assumed responsibility for Australia in this Group area. As Australia does not constitute a separate segment in accordance with IFRS 8, it will continue to be shown as part of the Asia-Pacific Group area.

Furthermore, as part of the IFRS IC agenda decision on Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8), we have expanded the presentation of segment reporting to include material items of income and expense that are recognised in the segment result used for management purposes. Therefore, segment reporting in the financial year was supplemented by the expense items material costs, personnel costs, and other operating expenses, as these are also to be classified as material to the result from current operations, in addition to revenue and depreciation and amortisation.

The presentation and disclosure of the previous year have been adjusted accordingly in the reporting, taking into account the above-mentioned changes.

4 Judgements, estimates, and assumptions

Judgements must be made by management when applying the accounting and valuation methods. Furthermore, the presentation of the assets, financial, and earnings position in the consolidated financial statements is dependent on estimates and assumptions made by the management, which affect the amounts and presentation of the assets and liabilities, expenses and income, and contingent liabilities accounted for in the period.

The assumptions and estimates relate particularly to the necessity and calculation of impairments of goodwill and property, plant and equipment, the purchase price allocation in the event of business combinations, the determination of the useful lives of fixed assets, and the measurement of inventories. Assumptions and estimates are also used in the recognition and measurement of deferred tax assets, the measurement of pension provisions and other provisions, and the measurement of financial instruments. Effects of the ongoing conflict in the Middle East, the Russia-Ukraine conflict, the price development for energy and raw materials, and the slight decline in inflation expectations were also taken into account.

Furthermore, Heidelberg Materials is subject to climate-related risks. Climate risks include both transition risks and physical risks. Transition risks exist in connection with the shift to a low-emission economy. As part of the structural transition, Heidelberg Materials anticipates a rise in prices for the acquisition of emission allowances. These cost increases are taken into account in the operational plans. Physical climate risks are the direct consequences of extreme weather scenarios (e.g. floods and droughts), which may lead to a reduction in the useful lives of property, plant and equipment. The useful lives are reviewed regularly and, if necessary, adjusted to the changed conditions.

In determining the scope of consolidation, discretionary decisions may be required when assessing the existence of control over subsidiaries or joint control or significant influence.

When accounting for business combinations, discretionary judgement is required to determine whether the business combination concerns a business operation or the acquisition of an individual asset or a group of assets. As part of the purchase price allocation, all identifiable assets, liabilities, and contingent liabilities must be recognised at fair value on first-time consolidation. In this context, judgement must be exercised as to whether an intangible asset is identifiable and should be recognised separately from goodwill. The fair values of the assets and liabilities as at the acquisition date are determined on the basis of estimates. Among other things, valuation methods are used that require a forecast of expected future cash flows. Explanations concerning business combinations are provided in Note 5.1.

A cash flow-based method in accordance with IAS 36 (Impairment of Assets) is used to determine the recoverable amount of groups of cash-generating units as part of the impairment test for goodwill and property, plant and equipment. In particular, estimates are required in relation to future cash flows of the groups of cash-generating units as well as to the discount rates and growth rates used (discounted cash flow method). A change in the influencing factors may have a significant impact on the existence or amount of impairment losses. In addition, the decision on how to define a group of cash-generating units to which goodwill is allocated is subject to discretion. Discretionary decisions are also required for the assessment of the existence of indications of impairment or, in the case of impaired cash-generating units, for the assessment of the occurrence of significant changes compared with the previous year. Explanations concerning the composition of the carrying amount of goodwill and the impairment test are provided in Note 9.1 Intangible assets. Explanations of impairments of property, plant and equipment are made in Note 9.2.

Estimates of the useful lives of intangible assets and depreciable fixed assets are based on empirical values and subject to regular review. If the estimate changes, the remaining useful life is adjusted and, if necessary, an impairment is recognised.

In the accounting of leases in accordance with IFRS 16, judgement is required when assessing whether or not to exercise extension or termination options and when determining the incremental borrowing rate.

Furthermore, estimates and assumptions are made when recognising inventories that are subject to inherent measurement-related uncertainties due to their physical nature and when measuring inventories. The lower of cost and net realisable value is used in the impairment test. The net realisable value is determined as the estimated sales proceeds less the estimated costs to completion and the estimated necessary sale costs and therefore has an influence on any requirement for impairment or reversal of impairment losses. Impairments or reversal of impairment losses on inventories are shown in Note 9.5.

To assess the future probability that deferred tax assets can be utilised, various estimates must be adopted. In addition to operational plans and tax projections, other factors such as the earnings position and planning accuracy in the past are also taken into account. The planning horizon considered is determined by the circumstances of the respective Group company and is generally five years. Further explanations on current and deferred taxes are provided in Note 7.10 Income taxes.

Owing to the international nature of its business activities, Heidelberg Materials AG and its subsidiaries are subject to a large number of national tax laws and regulations. Changes in tax laws as well as the issuance of case law and the possible differing interpretation by local tax authorities due to the complexity of tax laws can have an influence on the amount of both current and deferred taxes. The potential uncertainties resulting from this are to be resolved by means of appropriate discretionary decisions. Recognition and measurement are based on the most probable realisation value of the uncertainty. Individual presentation or aggregation of several uncertainties depends on the individual case under consideration. Uncertainties in current taxes are taken into account with an appropriate estimate of potential tax payments. Uncertainties regarding the recoverability of deferred tax assets are countered by means of internal planning, also with regard to the future development of results of the Group company concerned. Ongoing monitoring of the aforementioned uncertainties is ensured by organisational measures.

The obligations arising from defined benefit plans are determined on the basis of actuarial methods, which are based on assumptions and estimates concerning the discount rate, pension increase rate, life expectancy, and other influencing factors. A change in the underlying parameters may lead to changes in the extent of the obligation. Further details are given on **page 215 f.** and in Note 9.12 Pension provisions.

Provisions for damages and environmental obligations are measured on the basis of an extrapolation of the claims and estimates of the development of costs. A change in the influencing parameters may have an impact on the income statement and the amount of the provision. Discretionary assumptions are required when determining the necessary parameters for the measurement of other environmental provisions (e.g. amount and timing of expected payouts, discount factor, rate of cost increase). The recognition and measurement of the miscellaneous other provisions are based on estimates of the probabilities of future outflow of resources and on the basis of empirical values and the circumstances known at the reporting date. The actual outflow of resources may differ from the outflow of resources expected at the reporting date and may have an impact on the recognition and measurement. Further explanations on provisions can be found in Note 9.13 Other provisions.

Financial assets are classified on the basis of the contractual cash flows and the business model used. While the contractual cash flows are determined by the characteristics of the financial instrument, discretionary decisions may be required when assessing under which business model a financial asset should be classified. For certain contracts, a decision must be made as to whether they should be treated as derivatives or accounted for as own use contracts. Furthermore, discretionary judgement may be required to determine whether the material opportunities and risks of selling receivables under factoring agreements have been transferred.

The measurement of specific financial instruments such as put options of non-controlling interests and virtual long-term power purchase agreements, which are not traded on an active market, is based on best possible estimates using probability forecasts and recognised actuarial methods.

Impairment testing of financial assets requires estimates of the amount of the possible default and the likelihood of future events. When determining the impairment for expected credit losses for receivables within the scope of IFRS 9, default probabilities and macroeconomic information are taken into account in the loss rates, which are based on assumptions about the future development of the relevant economic factors and how these factors will influence each other. Explanations of impairments of financial assets are provided in Note 10.3.

All estimates and discretionary decisions are subject to ongoing review and based on past experience and other factors, including expectations about future events that may have a financial impact on the company and are considered appropriate in the circumstances. The actual values may differ from these estimates.

5 Changes in scope of consolidation

In addition to Heidelberg Materials AG, the consolidated financial statements include 687 subsidiaries that have been fully consolidated, of which 27 are German and 660 are foreign companies. The changes in comparison with 31 December 2023 are shown in the following table.

Number of fully consolidated companies

	Germany	Abroad	Total
31 December 2023	**28**	**650**	**678**
First-time consolidations		32	32
Divestments			
Other changes	–1	–22	–23
31 December 2024	**27**	**660**	**687**

A list of shareholdings of the Heidelberg Materials Group as at 31 December 2024 on the basis of the regulations of section 313(2) of the German Commercial Code (Handelsgesetzbuch, HGB) is provided in Note 12. It also contains an exhaustive list of all subsidiaries that make use of the exemption from disclosure obligations in accordance with sections 264(3) and 264b of the HGB.

5.1 Business combinations

Business combinations in the reporting year

With effect from 1 May 2024, Heidelberg Materials acquired 100% of the shares in ACE Group. ACE Group is a supplier of pulverised fly ash in Malaysia and comprises three entities operating along the value chain: ACE Greencemt Venture (M) Sdn Bhd, a supplier of pulverised fly ash to the Malaysian building materials industry; Asas Asia (M) Sdn Bhd, a processor of coal ash; and AGP Logistics (M) Sdn Bhd, a logistics services company with 20 silo trucks. With the acquisition of ACE Group, Heidelberg Materials is strengthening circularity within the value chain in Southeast Asia and continuing to reduce its carbon footprint in another key market. The purchase price of €70.6 million is subject to purchase price adjustments and consists of a cash payment of €35.6 million and a liability for contingent consideration with a fair value of €35.0 million. The contingent consideration is dependent on the extension of a supply contract and the Managing Director remaining in post. It is based on a value derived from the EBITDA of the companies in 2026 and 2027 and was determined on the basis of probabilities. The range of results (undiscounted) is between €0 and €58.1 million. The purchase price allocation has been completed. The final goodwill of €51.3 million represents synergy and growth potential and is not tax-deductible.

On 3 May 2024, Heidelberg Materials acquired 100% of the shares in Mick George Limited, Cambridgeshire, United Kingdom, and its subsidiaries (“Mick George Group”). The Mick George Group specialises in bulk excavation and earthmoving services, demolition work, and environmentally friendly waste disposal. Recycling services and the supply of aggregates and concrete complete the portfolio. The group operates four recycling plants, nine waste handling stations, fourteen aggregates quarries, and ten ready-mixed concrete plants. The acquisition strengthens Heidelberg Materials’ range of circular materials and adds a comprehensive recycling platform to its portfolio. It will support the development of innovative technologies for processing and valorising waste as a valuable material in the construction cycle. The purchase price of €208.0 million, which is subject to purchase price adjustments, was paid in cash. The contract also contains contingent payments to the sellers that are linked to their continued employment and are therefore treated as a separate transaction. Since the payments compensate for work performed after the business combination, they are recognised as personnel costs over the agreed service period. The provisionally recognised goodwill of €145.9 million represents synergy and growth potential and is not tax-deductible. The purchase price allocation is provisional, as the measurements have not yet been completed.

Furthermore, as part of its commitment to conserving natural resources and promoting the circular economy through recycling and reuse and by reducing the use of primary raw materials, Heidelberg Materials acquired 100% of the shares in Bristol & Avon Group Limited and Balla Homes Ltd, Bristol, United Kingdom, and their subsidiaries (“B&A Group”) on 17 May 2024. The B&A Group is one of the leading excavated material and aggregates recycling companies in South West England. The B&A Group specialises in the supply of recycled and primary aggregates as well as site clearance, earthworks, land remediation, and sustainable land regeneration. The purchase price of €62.4 million, which is subject to purchase price adjustments, consists of a cash payment of €60.5 million and a liability for contingent consideration with a fair value of €1.9 million. The contingent consideration is based on the EBITDA of the companies until 30 May 2026 and was determined on the basis of probabilities. The range of results (undiscounted) is between €0 and €6.4 million. The contract also contains contingent payments to the sellers that are linked to their continued employment and are therefore treated as a separate transaction. Since the payments compensate for work performed after the business combination, they are recognised as personnel costs over the agreed service period. The provisionally recognised goodwill of €22.8 million represents synergy and growth potential and is not tax-deductible. The purchase price allocation is provisional, as the measurements have not yet been completed.

On 12 July 2024, Heidelberg Materials acquired the significant assets of Victory Rock USA LLC, Orem, USA, a producer of high-quality aggregates for concrete and asphalt and other related products with two well-positioned quarries. With this acquisition, Heidelberg Materials is expanding its existing footprint in an attractive growth market. The provisional purchase price of €46.2 million, which is subject to the usual post-closing purchase price adjustments, was paid in cash. The provisionally recognised goodwill of €5.3 million, which represents synergy and growth potential, is tax-deductible.

On 1 August 2024, Heidelberg Materials acquired 100% of the shares in Highway Materials Inc., Flourtown, USA, one of the largest independent aggregates and asphalt manufacturers in the Philadelphia metropolitan area, and its subsidiaries. The acquisition comprises four gravel quarries, nine asphalt mixing facilities, two plants specialising in processing uncontaminated and unmixed recycled materials, a concrete recycling plant, and a construction services company. This acquisition complements Heidelberg Materials' existing footprint in a core market in the USA while strengthening its focus on recycling. The provisional purchase price, which is subject to the usual post-closing purchase price adjustments, amounts to a total of €285.2 million and consists of a cash payment of €278.8 million and a liability for contingent consideration with a fair value of €6.5 million. The contingent consideration is based on certain revenues and is dependent on the granting of mining concessions. The amount of the contingent consideration was determined on the basis of probabilities. The provisionally recognised goodwill of €128.5 million represents synergy and growth potential and is tax-deductible. The purchase price allocation is provisional, primarily because the measurement of property, plant and equipment and the contingent consideration has not yet been completed.

Heidelberg Materials also acquired 100% of the shares in Carver Sand & Gravel LLC, Coeymans, USA, a large aggregates producer in the Albany area, New York, on 1 August 2024. This acquisition includes four quarries, three sand and aggregates pits, a transport company, two internal maintenance workshops, and two asphalt plants. Through this acquisition, Heidelberg Materials has further expanded its presence in a core market in the USA while adding to its growing portfolio of circular solutions in North America. The provisional purchase price of €86.4 million, which is subject to the usual post-closing purchase price adjustments, was paid in cash. The provisionally recognised goodwill of €22.0 million represents synergy and growth potential and is tax-deductible. The purchase price allocation is provisional, primarily because the measurement of property, plant and equipment has not yet been completed.

On 1 September 2024, Heidelberg Materials acquired an additional 20% of the shares in Stone Quarries Hanson Ltd., Ramat Gan, Israel, previously accounted for at equity, thereby raising its shareholding to 70%. The company operates a ready-mixed concrete plant and an asphalt plant on the site of an aggregates quarry. The purchase price is made up of a cash payment of €13.5 million for the partial repayment of a shareholder loan and pre-existing receivables due from the acquired company totalling €53.3 million. The fair value of the previously held equity interest amounted to zero as at the acquisition date. The goodwill, which is not tax-deductible, amounts to €4.6 million.

In addition, Heidelberg Materials acquired the ready-mixed concrete operating line of the Elvin Group, the largest concrete manufacturer in the Canberra region, Australia, on 2 December 2024 as part of an asset deal. The assets include two concrete plants, a concrete laboratory, a sand mixing facility, and a shop selling equipment and accessories. With this acquisition, Heidelberg Materials strengthens its vertically integrated market position and applies its extensive experience in sustainability and digitalisation in one of Australia's largest regional markets. The purchase price amounted to €41.7 million and was paid in cash. The provisionally recognised goodwill of €22.8 million represents synergy and growth potential and is not tax-deductible. The purchase price allocation is provisional, primarily because the identification and measurement of the intangible assets and the measurement of property, plant and equipment have not yet been completed.

The following table shows the (provisional) fair values of the assets and liabilities as at the acquisition date.

(Provisional) fair values recognised as at the acquisition date (reporting year)

€m	Malaysia	United Kingdom	North America	Israel	Australia	Total
Intangible assets	10.4	34.3	0.0			44.8
Property, plant and equipment	5.5	193.8	259.8	16.2	18.8	494.0
Financial fixed assets	0.1	0.0	0.2			0.3
Deferred taxes		0.0		2.1	0.1	2.2
Inventories		12.2	18.6	2.7	0.6	34.1
Trade receivables	5.6	47.5	38.6	14.2		106.0
Cash and cash equivalents	3.4	32.5	8.2	0.9		45.0
Other assets	0.5	19.0	9.8	59.8		89.2
Total assets	**25.6**	**339.3**	**335.2**	**95.9**	**19.4**	**815.4**
Deferred taxes	2.6	27.1				29.6
Provisions		0.1	6.9	0.0	0.5	7.5
Non-current liabilities	0.0	73.1	43.9	20.2		137.3
Current liabilities	3.8	137.2	22.4	15.4		178.8
Total liabilities	**6.3**	**237.5**	**73.2**	**35.6**	**0.5**	**353.2**
Net assets	**19.3**	**101.7**	**262.1**	**60.2**	**19.0**	**462.3**

The acquired intangible assets mainly relate to customer relationships and acquired brands. The acquired property, plant and equipment relates to land and buildings (€285.4 million), plant and machinery (€177.2 million), other operating equipment (€28.1 million), and prepayments and assets under construction (€3.3 million).

As part of the business combinations, receivables with a fair value of €117.3 million were acquired.

These concern trade receivables in the amount of €106.0 million, other operating receivables in the amount of €11.2 million, and loans in the amount of €0.1 million. The gross value of the contractual receivables totals €120.8 million, of which €3.5 million is likely to be irrecoverable.

Since the acquisition took place, the companies have contributed €337.2 million to revenue and €8.9 million to the profit for the financial year. If the acquisitions had taken place on 1 January 2024, contributions to revenue and profit for the financial year would have been €358.8 million and €15.7 million higher respectively. Transaction costs of €9.6 million arising in connection with the above-mentioned business combinations were recognised in the additional ordinary expenses.

Furthermore, Heidelberg Materials effected other business combinations during the reporting year that are of minor importance, both individually and collectively, for the presentation of the assets, financial, and earnings position of the Group.

Business combinations in the previous year

As part of the implementation of its circular economy strategy and in order to strengthen the Group's portfolio of recycled materials, Heidelberg Materials completed its acquisition of a 100% shareholding in RWG I Holding GmbH and its subsidiaries ("RWG") on 9 January 2023. RWG is an integrated provider in the field of demolition and building materials recycling in the Berlin metropolitan area. The acquisition includes three modern recycling centres and a specialised demolition company. With this acquisition, Heidelberg Materials is strengthening its range of circular materials to meet the increasing demand for sustainable building materials. On 3 April 2023, Heidelberg Materials also completed the acquisition of the Heilbronn-based SER Group, an integrated company in the demolition and construction materials recycling business segments. The acquisition comprises 100% of the shares in SER Hoch- und Tiefbau GmbH & Co. KG and SER Sanierung im Erd- und Rückbau GmbH, Heilbronn, as well as their subsidiaries. The SER Group operates in the Heilbronn metropolitan area of Germany with three modern recycling locations. The purchase price for the above transactions amounted to a total of €122.7 million and was paid in cash. The goodwill totalling €99.6 million from the above-mentioned transactions is not tax-deductible and represents synergy and growth potential.

On 1 May 2023, Heidelberg Materials acquired a 100% shareholding in The SEFA Group, LLC, including its wholly-owned subsidiary SEFA Transportation, LLC, Lexington, South Carolina, USA. The companies are active in the field of fly ash recycling. The acquisition includes 20 locations with more than 500 employees. The purchase price of €183.4 million is subject to the usual purchase price adjustments and consists of a cash payment of €165.2 million and a liability for contingent consideration with a fair value of €18.2 million. The contingent consideration is based on the EBITDA of the companies until 30 April 2025 and was determined on the basis of probabilities. The range of results (undiscounted) is between €0 and €18.2 million. On 3 April 2023, Heidelberg Materials also acquired a quarry along with a fixed processing plant and five mobile crushing plants from RMS Gravel Inc., Central New York, USA, as part of an asset deal. The purchase price amounted to €13.5 million and was paid in cash. As part of a further asset deal, Heidelberg Materials acquired the aggregates business of Green Drop Rock Products, Cochrane, Canada, on 1 September 2023. The assets include a high-capacity aggregates plant in the Calgary Metropolitan Region. The purchase price amounted to €17.2 million and was paid in cash. The purchase price allocations were completed in 2023 and 2024, respectively. In comparison with the values reported as at 31 December 2023, there were no adjustments. The final goodwill totalling €16.7 million from the above-described transactions is tax-deductible and represents synergy and growth potential.

On 27 November 2023, Heidelberg Materials completed its purchase of 68.3% of the shares in the Tanzanian cement manufacturer Tanga Cement PLC. The acquisition also includes a quarry with limestone resources for a minimum of 30 years. The quarry and cement plant with a capacity of 1.3 million tonnes are located in northern Tanzania. With this acquisition, Heidelberg Materials is strengthening its local business activities and creating synergies with its existing locations in Tanzania. The final purchase price of €36.0 million was paid in cash. The non-controlling interests of €17.7 million were measured at the proportionate fair value of the identifiable net assets. The purchase price allocation was completed in 2024. In comparison with the values reported as at 31 December 2023, this primarily resulted in an increase of €27.6 million in property, plant and equipment, which was offset by lower inventories of €13.5 million and lower deferred tax liabilities of €9.1 million. Overall, there was a negative difference (badwill) of €2.0 million, which has been shown in the additional ordinary income.

On 30 November 2023, our subsidiary PT Indocement Tunggal Prakarsa Tbk, Indonesia, acquired 100% of the shares in PT Semen Grobogan's integrated cement plant located in Semarang, Central Java, Indonesia. The cement plant has a capacity of 1.8 million tonnes of clinker and 2.5 million tonnes of cement and has more than 50 years' worth of limestone reserves. With this acquisition, Heidelberg Materials is strengthening its presence in Indonesia and will be able to leverage synergies with its existing operations in Indonesia, including in logistics, the use of alternative fuels, and the transfer of technical and sustainability know-how. The purchase price amounted to €89.1 million and was paid in cash. The purchase price allocation was completed in 2024. In comparison with the values reported as at 31 December 2023, there were no adjustments. The final goodwill of €7.9 million represents synergy and growth potential and is not tax-deductible.

The following table shows the fair values of the assets and liabilities as at the acquisition date.

Fair values recognised as at the acquisition date (previous year)

€m	Germany	North America	Tanzania	Indonesia	Total
Intangible assets	4.7	115.7		3.0	123.4
Property, plant and equipment	69.8	91.1	128.2	307.4	596.5
Financial fixed assets	3.0		0.2		3.2
Deferred taxes	0.1		2.8	2.1	5.1
Inventories	1.1	3.1	15.5	5.5	25.2
Trade receivables	14.4	18.6	0.6	11.4	45.1
Cash and cash equivalents	7.3	18.3	1.6	18.7	46.0
Other assets	12.7	17.7	7.1	1.8	39.2
Total assets	**113.1**	**264.6**	**156.0**	**349.9**	**883.6**
Deferred taxes	2.9			10.3	13.2
Provisions	5.2	2.8	1.9	0.4	10.3
Non-current liabilities	64.6	36.3	69.9	244.1	414.9
Current liabilities	17.3	28.1	28.3	14.0	87.8
Total liabilities	**90.0**	**67.2**	**100.1**	**268.8**	**526.2**
Net assets	**23.1**	**197.3**	**55.8**	**81.2**	**357.4**

Furthermore, Heidelberg Materials effected other business combinations during the previous year that are of minor importance, both individually and collectively, for the presentation of the assets, financial, and earnings position of the Group.

Business combinations in the 2025 financial year

On 28 November 2024, Heidelberg Materials announced that it would acquire Giant Cement Holding Inc., Harleyville, USA, and its subsidiaries. Giant Cement Holding Inc. is an established cement manufacturer on the East Coast of the United States with a focus on utilising waste-based alternative fuels. The acquisition includes a cement plant with an annual capacity of 800,000 tonnes of cement, five cement terminals, two deep-sea import terminals, one of which is operated as part of a joint venture, and a recycling company specialising in alternative fuels. The preliminary purchase price amounts to around €580 million and is subject to the usual post-closing purchase price adjustments. Through this acquisition, Heidelberg Materials is further expanding its presence in the USA while broadening its range of solutions in the circular economy sector. The transaction is expected to close in the second quarter of 2025.

5.2 Divestments

Divestments in the reporting year

As part of its portfolio optimisation programme, Heidelberg Materials signed agreements with various regional transport specialists in December 2023 to sell its French cement transport business Tratel S.a.s. The transactions were concluded in the first quarter of 2024. The sales prices totalled €26.6 million and were paid in cash. The divestment resulted in an overall gain of €5.3 million, which is shown in the result from current operations.

In order to comply with competition law requirements in connection with the acquisition of the Mick George Group, Heidelberg Materials divested five ready-mixed concrete sites and two aggregates quarries on 3 May 2024. The sales prices totalling €23.4 million were paid in cash. The divestment resulted in an overall gain of €4.1 million, which is shown in the result from current operations.

The following table shows the assets and liabilities as at the date of divestiture.

Assets and liabilities as at the date of divestiture (reporting year)

€m	France	United Kingdom	Total
Goodwill	3.7	1.3	5.0
Property, plant and equipment	19.2	14.6	33.8
Inventories		2.5	2.5
Other assets		0.8	0.8
Total assets	**22.9**	**19.3**	**42.2**
Provisions	1.6		1.6
Non-current liabilities		0.0	0.0
Total liabilities	**1.6**	**0.0**	**1.6**
Net assets	**21.3**	**19.3**	**40.6**

Incidental disposal costs of €2.2 million arose in connection with these divestments and were recognised in the result from current operations.

Furthermore, Heidelberg Materials effected other divestments in the reporting year that were of minor importance for the presentation of the assets, financial, and earnings position of the Group.

Divestments in the previous year

As part of the portfolio optimisation and margin improvement programme in connection with the “Beyond 2020” strategy, Heidelberg Materials signed an agreement on 30 September 2021 to sell its aggregates and ready-mixed concrete business in the Madrid region. The transaction was concluded on 31 July 2023. The sales price amounted to €14.4 million and was paid in cash. The divestment resulted in a gain of €1.3 million, which has been shown in the result from current operations.

The following table shows the assets and liabilities as at the date of divestiture.

Assets and liabilities as at the date of divestiture (previous year)

€m	Spain
Property, plant and equipment	12.5
Inventories	0.7
Total assets	**13.2**
Non-current liabilities	0.1
Current liabilities	0.1
Total liabilities	**0.2**
Net assets	**13.1**

Furthermore, Heidelberg Materials effected other divestments in the previous year that were of minor importance for the presentation of the assets, financial, and earnings position of the Group.

Disposal of joint ventures and associates in the previous year

On 24 February 2023, as part of the portfolio optimisation programme, Heidelberg Materials signed a contract for the sale of its 45% participation in CaucasusCement Holding B.V., ’s Hertogenbosch, Netherlands (“CCH”). CCH is the parent company of HeidelbergCement Georgia Ltd. and Terjola Quarry Ltd., Tbilisi. The joint venture comprised two cement plants, fourteen ready-mixed concrete plants, and two aggregates plants. The sale was completed on 20 April 2023. The divestment resulted in a gain of €15.3 million, which has been shown in the additional ordinary income.

Furthermore, Heidelberg Materials sold its 25% participation in the Chaney Group, USA, on 5 June 2023. The sale comprised participations in seven companies that were included in the consolidated financial statements as associates. The divestment resulted in a gain of €32.6 million, which has been shown in the additional ordinary income.

The sales prices for the above-described transactions totalling €178.5 million were paid in cash.

6 Notes to the segment reporting

Heidelberg Materials’ segment reporting is based on the Group’s internal division into geographical regions, corresponding to the management organisation. Heidelberg Materials is divided into five Group areas:

- Europe: Belgium/Netherlands, Bosnia-Herzegovina, Bulgaria, Croatia, Czechia, Denmark, France, Georgia (until 2023), Germany, Greece, Hungary, Iceland, Italy, Norway, Poland, Romania, Slovakia, Spain, Sweden, the United Kingdom, and the Baltic States, as well as the cross-border Nordic Precast Group and the Mibau Group
- North America: Canada and USA
- Asia-Pacific: Australia, Bangladesh, Brunei, China, India, Indonesia, Malaysia, Singapore, and Thailand
- Africa-Mediterranean-Western Asia: Benin, Burkina Faso, DR Congo, Egypt, the Gambia (until 2023), Ghana, Israel, Kazakhstan, Liberia, Morocco, Mozambique, Russia, South Africa, Tanzania, Togo, and Turkey
- Group Services comprise the international trading activities

Heidelberg Materials evaluates the performance in the segments primarily on the basis of the result from current operations. As Group financing (including financing expenses and income) is managed centrally by the Group and income taxes are, in general, calculated across business lines, neither is allocated to segments. The IFRSs used in these financial statements form the basis for the valuation principles of the segment reporting. The Inter-Group areas revenue represents the revenue between segments. In the reconciliation, intra-Group relationships between the segments are eliminated.

The revenue and non-current assets of the main countries are shown in the table below. Revenue is allocated to countries according to the supplying company’s country of origin.

Information by country

	Revenue with external customers		Non-current assets[1]	
€m	2023	**2024**	2023	**2024**
USA	4,327	4,435	8,434	9,350
United Kingdom	1,885	2,057	1,236	1,733
Germany	1,909	2,003	1,810	1,850
Australia	1,435	1,412	1,921	1,880
France	1,356	1,189	1,203	1,211
Indonesia	1,070	1,066	1,269	1,258
Canada	1,033	979	599	607
Italy	886	913	480	471
Other countries	7,277	7,102	5,882	5,861
Total	**21,178**	**21,156**	**22,834**	**24,221**

1) Intangible assets and property, plant and equipment

7 Notes to the income statement

7.1 Revenue

The revenue shown in the consolidated income statement relates to revenue from contracts with customers in accordance with IFRS 15. In the following table, the revenue is broken down into two categories: type of products and services (business lines) and Group areas.

Revenue development by Group areas and business lines

	Cement		Aggregates		Ready-mixed concrete-asphalt		Service-other		Intra-Group eliminations		Total	
€m	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**
Europe	5,056	4,901	2,033	2,337	3,055	2,930	966	817	-1,544	-1,519	9,566	9,467
North America	2,196	2,243	2,098	2,123	1,141	1,108	336	334	-552	-497	5,219	5,311
Asia-Pacific	1,978	1,833	661	664	1,338	1,377	65	19	-337	-338	3,705	3,555
Africa-Mediterranean-Western Asia	1,981	1,990	87	83	360	355	36	38	-175	-172	2,289	2,295
Group Services							1,260	1,296			1,260	1,296
Inter-Group area revenue within business lines	-0	-0					8	8			8	7
Total	**11,211**	**10,967**	**4,879**	**5,206**	**5,895**	**5,770**	**2,670**	**2,512**	**-2,608**	**-2,525**	**22,046**	**21,931**
Inter-Group area revenue between business lines									-869	-775	-869	-775
Total									**-3,476**	**-3,300**	**21,178**	**21,156**

7.2 Other operating income

Other operating income

€m	2023	**2024**
Gains from sale of fixed assets	62.0	88.2
Foreign exchange gains	107.2	75.1
Income from ancillary business	52.1	48.8
Rental income	34.6	37.7
Reversal of provisions	26.5	32.0
Other income	279.1	270.3
	561.6	**552.1**

The gains from sale of fixed assets include gains from the sale of quarries that were depleted and no longer in operational use in the amount of €36.2 million (previous year: 7.3). The foreign exchange gains concern trade receivables and payables. Foreign exchange gains from interest-bearing receivables and liabilities are shown in the financial result. The income from the reversal of provisions includes the reversal of provisions that cannot be assigned by cost type. The other income item includes proceeds of €13.2 million (previous year: 23.6) from the participation in energy efficiency projects, premium income of reinsurers of €25.2 million (previous year: 22.6), the gain from the net position of the monetary items from the application of IAS 29 of €0.7 million (previous year: 0.3), as well as numerous individual items.

Significant income that occurs in the course of ordinary business activities but is not reported in result from current operations is shown in the additional ordinary income and explained in Note 7.7.

7.3 Material costs

Material costs

€m	2023	2024
Raw materials	2,842.6	2,773.3
Costs of energy	2,460.7	2,076.1
Supplies, repair materials, and packaging	1,395.1	1,392.1
Goods purchased for resale	1,026.1	1,091.7
Miscellaneous	435.6	436.1
	8,160.1	**7,769.4**

Costs of energy do not include any state subsidies for electricity and gas in the financial year (previous year: €20.5 million). Material costs amounted to 36.7% of revenue (previous year: 38.5%).

7.4 Personnel costs and employees

Personnel costs

€m	2023	2024
Wages and salaries	2,928.7	3,000.8
Social security costs	270.2	277.1
Costs of retirement benefits	164.1	148.7
Other personnel costs	51.8	42.9
	3,414.8	**3,469.5**

Personnel costs equalled 16.4% of revenue (previous year: 16.1%). The development of costs of retirement benefits is explained in Note 9.12 Pension provisions.

Annual average number of employees

Number based on full-time equivalents	2023	2024
Blue-collar employees	32,092	31,365
White-collar employees	19,124	19,352
Total	**51,215**	**50,717**
Apprentices	358	489
Total	**51,573**	**51,207**

Long-term bonus

As a long-term variable remuneration element, the members of the Managing Board of Heidelberg Materials AG and certain managers within the Heidelberg Materials Group receive a long-term bonus, which was made up of a management component and a capital market component until 2023. The capital market component, with a duration of four years, considers the external added value as measured by total shareholder return (TSR) – adjusted for the reinvested dividend payments and for changes in capital – compared with the relevant capital market indices, using performance share units (PSUs). The PSUs are virtual shares used for the calculation of the capital market component. From 2024, the long-term bonus will be granted entirely in PSUs. The duration is four years and consists of a three-year performance period and a one-year waiting period. Four equally weighted performance criteria are taken into account. In addition to the financial performance targets EBIT (earnings before interest and taxes) and ROIC (return on invested capital) and an ESG target, external added value is measured as relative TSR compared with an individual peer group consisting of international comparable companies.

For the capital market component until 2023 and the long-term bonus from 2024, the first step is to determine the number of PSUs granted: the number of PSUs is calculated from a set percentage of the fixed annual salary divided by the reference price of the Heidelberg Materials share as at the time of issue. The reference price in each case is the average of the daily closing prices (trading days) of the Heidelberg Materials share on the Frankfurt Stock Exchange Xetra trading system in the three months before the start or expiration of the performance period. For the capital market component of the long-term bonus up to 2023, the PSUs definitively earned after expiry of the four-year performance period are calculated in a second step according to the target achievement (0%–200%) and paid in cash at the reference price of the Heidelberg Materials share valid at that time, adjusted for the notionally reinvested dividend payments and for changes in capital.

For the long-term bonus from 2024, the target achievement in the performance criteria is determined and the final number of PSUs is calculated at the end of the performance period. The final number of PSUs is calculated by multiplying the provisionally allocated number of PSUs by the target achievement. The payout is made following a one-year waiting period that begins after the performance period. The final number of PSUs is then multiplied by the current reference price of the Heidelberg Materials share (closing price), adjusted for notionally reinvested dividend payments and for changes in capital. The closing price is generally the average of the daily closing prices of the Heidelberg Materials share on the Frankfurt Stock Exchange Xetra trading system in the three months prior to the day on which the waiting period expires.

The following table shows the key parameters of the plans.

Key parameters of the long-term bonus plans

	Plan 2021	Plan 2022	Plan 2023	Plan 2024
Date of issuance	1 January 2021	1 January 2022	1 January 2023	1 January 2024
Term	4 years	4 years	4 years	4 years
Reference price at issuance	€57.00	€62.56	€48.74	€73.48
Maximum payment amount per PSU	€142.50	€156.40	€121.85	-

The reconciliation of the number of PSUs granted from 1 January 2021 to 31 December 2024 is shown in the following table.

Number of PSUs

	Plan 2021	Plan 2022	Plan 2023	Plan 2024
Granted as of 1 January 2021				
Additions	185,400			
Disposals	-9,273			
Granted as of 31 December 2021 / as of 1 January 2022	176,127			
Additions		158,790		
Disposals	-11,879	-4,512		
Granted as of 31 December 2022 / as of 1 January 2023	164,249	154,278		
Additions			207,673	
Disposals	-2,817	-3,600	-3,450	
Granted as of 31 December 2023 / as of 1 January 2024	161,432	150,678	204,223	
Additions				301,980
Disposals	-942	-2,409	-6,093	-5,231
Granted as of 31 December 2024	**160,490**	**148,269**	**198,130**	**296,749**

Fair value

in €	Plan 2021	Plan 2022	Plan 2023	Plan 2024
Fair value as of 31 December 2021	13.86			
Fair value as of 31 December 2022	22.26	51.20		
Fair value as of 31 December 2023	59.36	125.24	131.53	
Fair value as of 31 December 2024		259.88	216.76	117.18

Measurement parameters

	31 Dec. 2021	31 Dec. 2022	31 Dec. 2023	31 Dec. 2024
	Plans 2019/20/21 [2]	Plans 2020/21/22 [2]	Plans 2021/22/23 [2]	Plans 2022/23/24 [2]
Expected dividend yield	-0.7%	2.0%	2.9%	2.1%
Share price at 31 December	€59.52	€53.28	€80.94	€119.30
Volatility of Heidelberg Materials share for plans until 2023 [1]	32%	25%	25%	20%
Volatility of MSCI World Construction Materials Index [1]	26%	19%	19%	16%
Volatility of DAX 40 Index [1]	22%	16%	16%	11%
Correlation Heidelberg Materials share/ MSCI World Construction Materials Index [1]	92%	87%	96%	95%
Correlation Heidelberg Materials share/ DAX 40 Index [1]	89%	79%	94%	96%
Correlation DAX 40 Index/ MSCI World Construction Materials Index [1]	97%	94%	91%	95%
Volatility of Heidelberg Materials share for plans from 2024 [1]				27.80%
Correlation TSR Rank Heidelberg Materials/Peer group				93.40%

1) Average over the last two years
2) The plans expiring in the financial year were revalued each on the base of the current value (31 Dec. 2022: Plan 2019/31 Dec. 2023: Plan 2020/31 Dec. 2024: Plan 2021).

In the reporting year, all of the 130,630 PSUs from the 2020 plan granted as at 31 December 2023 were exercised and either settled via cash payment or lapsed due to the departure of employees.

For the capital market component of the long-term bonus until 2023 and for the long-term bonus from 2024, the fair value of the PSUs is calculated using a recognised option price model for accounting in accordance with IFRS 2 (Share-based Payment). A large number of different development paths for the Heidelberg Materials share – taking into account the effects of reinvested dividends – and the benchmark indices are simulated (Monte Carlo simulation). As at the reporting date, the benchmark index DAX 40 had 19,909 points (previous year: 16,752) and the benchmark index MSCI World Construction Materials 398.4 points (previous year: 342.3).

The fair value and additional measurement parameters are shown in the tables below.

The total expenditure on the capital market component of the long-term bonus plan amounted to €21.8 million (previous year: 17.4). As at the reporting date, the provisions for the capital market component until 2023 and the long-term bonus from 2024 totalled €41.8 million (previous year: 21.5). The capital market component of the 2021–2023/24 long-term bonus plan will be paid after the Annual General Meeting in 2025. The same applies to the other ongoing long-term bonus plans, i.e. payment is made in the year following the end of the four-year duration.

7.5 Other operating expenses

Other operating expenses

€m	2023	2024
Expenses for third party repairs and services	2,297.9	2,377.6
Freight	2,143.0	2,163.5
Selling and administrative expenses	1,330.3	1,391.2
Lease expenses	151.7	149.2
Other taxes	146.4	140.5
Foreign exchange losses	115.6	75.0
Impairment losses on operating receivables and contract assets	19.9	12.9
Losses from derecognition of operating receivables	4.3	1.6
Other expenses	60.2	44.7
	6,269.3	**6,356.3**

The lease expenses include expenditure on short-term leases of €144.9 million (previous year: 148.2) and expenditure on leases of low-value assets of €4.3 million (previous year: 3.5). The expenses for variable lease payments not included in the measurement of lease liabilities amount to €142.4 million (previous year: 107.5) and were incurred primarily in connection with freight and third-party services. The foreign exchange losses concern trade receivables and payables. Foreign exchange losses from interest-bearing receivables and liabilities are shown in the financial result. Other expenses include expenses from the transfer of receivables outstanding as at the reporting date amounting to €9.4 million (previous year: 10.1).

Significant expenses that occur in the course of ordinary business activities but are not reported in result from current operations are shown in the additional ordinary expenses and explained in Note 7.7.

7.6 Result from equity accounted investments (REI)

The result from equity accounted investments (REI) is made up of the results from joint ventures and associates engaged in the Group's core activities. Results from associates that are not engaged in the Group's core activities are reported in the result from other participations.

Joint ventures

With its joint venture partners, Heidelberg Materials operates numerous joint ventures worldwide. Cement Australia makes an important contribution to the result from current operations of the Heidelberg Materials Group.

The joint venture Cement Australia comprises Cement Australia Holdings Pty Ltd, Cement Australia Pty Limited, and Cement Australia Partnership, all based in Darra, Australia. Cement Australia is a joint venture between Heidelberg Materials and Holcim. Each partner holds 50% of the capital shares in the companies. Cement Australia is the largest Australian cement manufacturer and operates two cement plants and two grinding plants in eastern and south-eastern Australia as well as in Tasmania. Heidelberg Materials procures its entire Australian cement requirement from Cement Australia.

The following table shows the statement of comprehensive income (100% values).

Statement of comprehensive income Cement Australia

€m	2023	2024
Revenue	857.6	850.3
Depreciation and amortisation	-42.1	-46.3
Result from current operations	**218.4**	**225.6**
Additional ordinary result	-0.5	
Earnings before interest and taxes (EBIT)	**217.9**	**225.6**
Interest expenses	-25.8	-25.9
Other financial income and expenses	-0.1	10.5
Profit before tax	**192.0**	**210.2**
Income taxes	-15.0	-6.3
Profit for the financial year	**177.0**	**204.0**
Other comprehensive income	7.4	-12.7
Total comprehensive income	**184.4**	**191.2**

The assets and liabilities (100% values), the reconciliation to the total carrying amount of the interest, and the dividend received are shown in the following table.

Additional financial information Cement Australia

€m	2023	2024
Intangible assets	36.3	20.0
Property, plant and equipment	485.4	482.5
Financial fixed assets	35.5	34.4
Other non-current assets	1.9	2.0
Total non-current assets	**559.1**	**538.8**
Cash and cash equivalents	0.5	2.2
Other current assets	164.9	173.1
Total current assets	**165.4**	**175.3**
Total assets	**724.5**	**714.1**
Non-current financial liabilities	218.0	368.1
Non-current provisions	21.7	23.3
Other non-current liabilities	9.9	14.6
Total non-current liabilities	**249.6**	**406.0**
Current financial liabilities	138.4	18.4
Current provisions	8.8	9.1
Trade payables	92.3	83.4
Other current liabilities	76.8	80.2
Total current liabilities	**316.3**	**191.1**
Total liabilities	**565.9**	**597.1**
Net assets	**158.6**	**117.1**
Group share in %	50.0	50.0
Group share of net assets	79.3	58.5
Goodwill	338.5	327.9
Total carrying amount of the interest	**417.8**	**386.4**
Dividends received	77.9	120.4

Heidelberg Materials also holds investments in individually immaterial joint ventures. The summarised financial information for these companies is shown in the following table (Heidelberg Materials shareholding).

Summarised financial information for immaterial joint ventures

€m	2023	2024
Investments in immaterial joint ventures	**1,280.6**	**1,408.9**
Result from immaterial joint ventures	96.2	94.2
Other comprehensive income	-23.1	102.6
Total comprehensive income	**73.1**	**196.8**
Unrecognised share of losses of the period	-0.8	-1.4
Unrecognised share of losses cumulated	-3.7	-2.0

Associates

The following table shows the summarised financial information concerning the associates.

Summarised financial information for associates

€m	2023	2024
Investments in associates	**659.0**	**713.2**
Result from associates – reported in result from equity accounted investments (REI)	49.0	52.2
Result from associates – reported in result from other participations	0.5	7.3
Other comprehensive income	-2.6	9.6
Total comprehensive income	**46.9**	**69.2**
Unrecognised share of losses of the period	-1.3	-1.8
Unrecognised share of losses cumulated	-8.7	-10.4

Impairments / reversals of impairment losses

In the reporting year, Heidelberg Materials recognised impairments totalling €13.8 million (previous year: 6.1) and reversals of impairment losses of €3.4 million (previous year: 1.1) on equity accounted investments that are of minor importance, both individually and collectively, for the presentation.

In the previous year, in view of the economic and political situation in Hungary, Heidelberg Materials conducted an impairment review for the joint venture Duna Drava Kft. The introduction of additional taxes in the reporting year and the associated impact on cash flow resulted in an impairment loss of €23.0 million. The carrying amount of €58.6 million was impaired to a value in use of €35.7 million. A cost of capital of 13.7% was used.

In view of the economic situation and the hyperinflationary environment in Turkey, an impairment review was also conducted in the previous year for the joint venture Akçansa Çimento Sanayi ve Ticaret A.Ş. This resulted in a reversal of impairment losses of €57.1 million. The reasons for this were the increased fair value and an improvement in the operational business plan. A reversal of impairment losses was recognised on the carrying amount of €201.6 million to a fair value of €258.7 million.

The impairment and reversal of impairment losses on equity accounted investments are shown in the additional ordinary result.

7.7 Additional ordinary result

The additional ordinary result includes income and expenses that, although occurring in the course of ordinary business activities, are not reported in result from current operations.

Additional ordinary result

€m	2023	2024
Additional ordinary income		
Gains from the disposal of subsidiaries and other business units	57.1	0.9
Gains from the disposal of other non-current assets	14.4	18.1
Reversal of impairment losses on other intangible assets and property, plant and equipment	10.6	10.0
Reversal of impairment losses on equity accounted investments	58.1	3.2
Other additional income	24.5	5.7
	164.8	**37.9**
Additional ordinary expenses		
Losses from the disposal of subsidiaries and other business units	-4.6	-1.3
Impairment of goodwill		-46.0
Impairment of other intangible assets and property, plant and equipment	-40.6	-203.6
Impairment of equity accounted investments	-29.2	-13.8
Restructuring expenses	-18.5	-107.2
Other additional expenses	-71.1	-102.1
	-163.9	**-474.1**
	0.9	**-436.2**

Additional ordinary income

In 2024, the gains from the disposal of subsidiaries and other business units primarily resulted from the divestment of a participation. In the previous year, the item included, in particular, gains from the sale of the 25% participation in the Chaney Group in the USA in the amount of €32.6 million, the sale of the 45% joint venture in Georgia in the amount of €15.3 million, the sale of the subsidiary Ing. Sala S.p.A., Italy, in the amount of €4.8 million, and the liquidation of a subsidiary in the amount of €3.3 million.

An explanation of the reversal of impairment losses on other intangible assets and property, plant and equipment is given in Note 9.2. The reversal of impairment losses on equity accounted investments is explained in Note 7.6.

Other additional income mainly includes income from the reversal of provisions in connection with divested business activities and the negative difference from the acquisition of Tanga Cement PLC, Tanzania. Further details are given in Note 5.1. In the 2023 financial year, the item included income from the reversal of provisions in connection with divested business activities as well as other income not reported in result from current operations.

Additional ordinary expenses

The losses from the disposal of subsidiaries and other business units in the 2024 financial year are, as in the previous year, essentially attributable to the liquidation of several participations.

The impairment of goodwill related to the goodwill from Nordic Precast Group and is explained in Note 9.1. An explanation of the impairment of other intangible assets and property, plant and equipment is given in Note 9.2, and the impairment of equity accounted investments is explained in Note 7.6.

The restructuring expenses in the 2024 financial year mainly included personnel costs connected with the closure of locations and were incurred in the Group areas of Europe at €98.8 million, Africa-Mediterranean-Western Asia at €5.8 million, Group functions at €1.4 million, Asia-Pacific at €1.2 million, and North America at €0.2 million. In the previous year, the restructuring expenses were incurred in the Group areas of Europe at €12.1 million, Africa-Mediterranean-Western Asia at €6.0 million, and Asia-Pacific at €0.4 million.

Other additional expenses include expenses of €34.6 million from additions to provisions for litigation risks, expenses directly attributable to the rebranding of our Group companies in the amount of €25.2 million, expenses in connection with the closure of locations in the amount of €24.5 million, transaction costs of €11.3 million in connection with business combinations, and other expenses not reported in results from current operations. In the previous year, this item included expenses of €31.7 million in connection with additions to provisions for litigation risks and in connection with divested business activities, expenses directly attributable to the rebranding of our Group companies in the amount of €20.2 million, transaction costs of €9.3 million in connection with business combinations, incidental disposal costs of €5.8 million for subsidiaries and other business units, and other expenses not reported in results from current operations.

7.8 Interest expenses

In the 2024 financial year, the interest expenses for lease liabilities amounted to €41.3 million (previous year: 35.5).

7.9 Other financial result

Other financial result

€m	2023	2024
Interest balance from defined benefit pension plans	2.0	2.6
Interest effect from the valuation of other provisions	-11.9	16.0
Valuation result of derivative financial instruments	31.7	31.7
Financial expenses from factoring agreements	-46.6	-41.0
Miscellaneous other financial result	1.5	-14.6
	-23.3	**-5.3**

Interest effects from the valuation of other provisions are explained in Note 9.13. The valuation result of derivative financial instruments essentially stems from the interest component of the foreign currency derivatives. The miscellaneous other financial result includes impairment losses on interest-bearing receivables in the amount of €2.0 million (previous year: 0.1).

7.10 Income taxes

Income tax expense

€m	2023	2024
Current taxes		
Current taxes current year	-611.6	-737.5
Current taxes previous years	19.1	7.2
	-592.5	**-730.3**
Deferred taxes		
Deferred taxes resulting from the recognition and reversal of temporary differences[1]	-130.1	2.2
Deferred taxes resulting from carryforwards of unused tax losses and interest, tax credits[1]	61.0	26.6
Deferred taxes resulting from changes in tax rate[1]	2.9	-2.7
	-66.1	**26.0**
Income taxes from continuing operations	**-658.6**	**-704.3**

1) Previous year adjusted

Adjusted for tax income for previous years, which amounted to €7.2 million (previous year: 19.1), the current tax expense increased by €125.9 million. This increase is primarily attributable to the lower utilisation of the special depreciation allowance in the USA, the rise in profit before tax in individual countries, and the use of tax loss carryforwards in previous years. The deferred tax income includes income of €2.2 million (previous year: -130.1) due to the recognition and reversal of temporary differences. Deferred tax assets created in previous years for carryforwards of unused tax losses and interest as well as tax credits were offset and reduced by €47.5 million during the reporting year (previous year: 15.5). The reduction in the current and deferred tax expense for carryforwards of unused tax losses and interest not recognised in previous years as well as tax credits amounted to €54.0 million in the financial year (previous year: 127.4). The deferred tax expense resulting from changes in the tax rate amounts to €2.7 million (previous year: deferred tax income: 2.9). In the reporting year, deferred tax assets of €25.8 million (previous year: 9.5) not covered by deferred tax liabilities were recognised from companies that had made a loss in the current or previous period. This mainly concerns three subsidiaries abroad, including a unit in Egypt that incurred a tax loss in the 2024 financial year due to a special item that is not expected to reoccur in the future. Recoverability of the remaining amount can be expected based on the positive business development and corporate planning of the companies.

Tax refund claims and liabilities from income taxes include assessed taxes and taxes not yet assessed for the current year and for previous years.

Carryforwards of unused tax losses as well as tax credits for which no deferred tax assets are recognised amount to €1,681.8 million (previous year: 2,532.9). They have essentially vested both in Germany and abroad. However, they are not determined separately in all countries by official notice and are therefore partly subject to review by the financial authorities prior to utilisation. In addition, no deferred tax assets were recognised for carryforwards of interest amounting to €296.1 million (previous year: 326.2) and deductible temporary differences of €67.0 million (previous year: 71.7). Overall, unrecognised deferred tax assets amounted to €503.6 million in the reporting year (previous year: 736.5).

In the financial year, net deferred tax assets of €26.8 million (previous year: reduction in deferred tax liabilities of €49.5 million) were recognised in equity account. This reduction results primarily from the measurement of pension provisions in accordance with IAS 19. In addition, current tax liabilities were reduced by €2.5 million (previous year: 6.6) in equity account. This decrease is related to the measurement of financial instruments pursuant to IFRS 9. Changes to the scope of consolidation led to a net increase in deferred tax liabilities of €16.1 million (previous year: 21.3), recognised directly in equity. The change in comparison with the previous year is largely due to the first-time consolidation of the Mick George Group and the B&A Group in the United Kingdom.

As laid down in IAS 12, deferred taxes must be recognised on the difference between the share of equity of a subsidiary captured in the consolidated balance sheet and the carrying amount for this subsidiary in the parent company's tax accounts, if realisation is expected (outside basis differences). On the basis of the regulations for the application of IAS 12.39, deferred taxes of €55.9 million (previous year: 58.5) were recognised on planned future dividends. No deferred tax liabilities were recognised for additional temporary taxable outside basis differences from subsidiaries, associates, and other participations of Heidelberg Materials AG amounting to €137.1 million (previous year: 124.3), as no reversal is likely within the foreseeable future. In accordance with the regulations of IAS 12.87, the amount of unrecognised deferred tax liabilities was not computed.

The combined income tax rate of Heidelberg Materials AG for 2024 is 29.8%. This consists of the statutory corporation tax rate of 15.0% plus the solidarity surcharge of 5.5% levied on the corporation tax to be paid, as well as a trade tax of 13.9%. For 2023, the combined income tax rate was 29.7%. In the reconciliation of the expected tax expense to the effective tax expense, the expected tax expense is calculated using the combined income tax rate.

The increase in the effective tax rate to 26.8% (previous year: 23.1%) is primarily due to the fact that, in the previous year, deferred tax items for carryforwards of losses and interest from previous periods were capitalised and carryforwards of losses and interest from previous periods, for which no assets had been recognised in the past, were used.

The profit before tax of the Group companies based abroad is taxed at the applicable rate in the respective country of residence. The local income tax rates in the individual countries vary, resulting in corresponding tax rate differentials. These are shown in the line "Effect of different tax rates in countries in which the Group operates".

A weighted average tax rate is established by taking the tax rate differentials of foreign Group companies into account. The decline in this rate in comparison with the previous period is due to the change in the composition of the individual companies' contributions to the consolidated results.

Tax reconciliation

€m	2023	2024
Profit before tax from continuing operations	**2,849.0**	**2,586.5**
Impairment of goodwill (see Note 9.1)		-46.0
Profit before tax and impairment of goodwill	**2,849.0**	**2,632.5**
Expected tax expense at national tax rate of 29.8% (2023: 29.7%)	-846.4	-783.3
Effect of different tax rates in countries in which the Group operates	150.7	171.3
Expected tax expense at weighted average tax rate of 23.2% (2023: 24.4%)	**-695.7**	**-612.0**
Tax-free earnings (+) and non-deductible expenses (-)[1]	-74.3	-76.0
Effects from carryforward of unused tax losses and interest, tax credits	111.9	6.4
Not recognised deferred tax assets on losses incurred in the fiscal year	-9.0	-12.9
Tax increase (-), reduction (+) for prior years	14.7	6.6
Changes in tax rate[1]	2.9	-2.7
Others	-9.2	-13.7
Income taxes	**-658.6**	**-704.3**
Effective tax rate	**23.1%**	**26.8%**

1) Previous year adjusted

Deferred taxes

€m	2023	2024
Deferred tax assets		
Fixed assets	54.0	48.0
Other assets	122.9	168.8
Provisions and liabilities	669.5	613.7
Carryforward of unused tax losses and interest, tax credits	327.0	365.9
Gross amount	1,173.3	1,196.4
Netting	-877.8	-952.8
	295.5	**243.6**
Deferred tax liabilities		
Fixed assets	1,521.5	1,551.7
Other assets	41.2	24.7
Provisions and liabilities	263.7	267.0
Gross amount	1,826.4	1,843.5
Netting	-877.8	-952.8
	948.5	**890.7**

In Germany and other jurisdictions in which we operate, the rules on global minimum taxation (Pillar Two) have been transposed into local law, or their implementation has been announced. For Heidelberg Materials, this results in initial application for the 2024 financial year.

In the current financial year, the global minimum tax (Pillar Two) results in an income tax expense of €2.5 million, which is included in the current tax expense.

In accordance with IAS 12.4A, Heidelberg Materials has made use of the exception from the recognition and disclosure of deferred tax assets and deferred tax liabilities in connection with the global minimum tax (Pillar Two).

7.11 Discontinued operations and disposal groups

Discontinued operations

The following table shows the composition of the result.

Net income/loss from discontinued operations

€m	2023	2024
Income	0.1	64.2
Expenses	-117.9	-36.5
Result before tax	**-117.8**	**27.7**
Attributable income taxes	14.2	8.5
Result after tax	**-103.5**	**36.1**

The result includes income and expenses incurred in connection with discontinued operations of the Hanson Group in previous years and resulting from provisions for damages and environmental obligations. Further details on the obligations are provided in Note 9.13 Other provisions. As part of a damages lawsuit concluded in the 2024 financial year, a provision of €62.4 million recognised in the previous year was reversed.

Disposal groups

As part of its portfolio optimisation programme, Heidelberg Materials signed an agreement in January 2025 to sell its majority participation of 91% in Cimenterie de Lukala SA, a cement manufacturer in the Democratic Republic of the Congo. The transaction includes an integrated cement plant in Lukala, near the capital city Kinshasa. The transaction is subject to approval by the relevant authorities and is expected to be concluded in 2025.

In the previous year, the disposal groups included the assets and liabilities of the French cement transport business Tratel S.a.s. The sales to various regional transport specialists were completed in the first half of 2024. Further explanations are given in Note 5.2.

The following overview shows the main groups of assets and liabilities of the disposal groups.

Assets and liabilities classified as held for sale

€m	2023	2024
Intangible assets	3.7	0.1
Property, plant and equipment	19.2	113.9
Other non-current assets	0.1	0.3
Inventories		21.0
Cash and cash equivalents		0.8
Other current assets	0.3	16.6
Assets classified as held for sale	**23.3**	**152.7**
Pension provisions	1.3	1.6
Other non-current provisions	0.3	0.5
Non-current liabilities	0.6	6.8
Current provisions	0.0	
Current liabilities		11.2
Liabilities classified as held for sale	**2.2**	**20.1**
Net assets	**21.1**	**132.7**

Other components of equity as at 31 December 2024 contains income of €10.2 million (previous year: 0) connected with disposal groups.

7.12 Earnings per share

Earnings per share (basic and diluted)

€m	2023	2024
Profit for the financial year	2,086.9	1,918.4
Thereof attributable to non-controlling interests	157.9	136.6
Thereof attributable to Heidelberg Materials AG shareholders	1,928.9	1,781.8
Number of shares in '000s (weighted average)	185,008	180,581
Earnings per share in €	**10.43**	**9.87**
Net income from continuing operations – attributable to Heidelberg Materials AG shareholders	2,032.5	1,745.6
Earnings per share in € – continuing operations	10.99	9.67
Net income/loss from discontinued operations – attributable to Heidelberg Materials AG shareholders	-103.5	36.1
Earnings/loss per share in € – discontinued operations	-0.56	0.20

Basic earnings per share is calculated by dividing the share of profit for the financial year attributable to Heidelberg Materials AG shareholders by the weighted average of the number of shares issued. The diluted earnings per share figure takes into account not only shares actually issued, but also shares that are potentially available on the basis of option rights. There was no dilution of earnings per share in the reporting period.

8 Notes to the statement of cash flows

The consolidated statement of cash flows shows how the Group's cash and cash equivalents changed through inflows and outflows during the reporting year. In accordance with IAS 7 (Statement of Cash Flows), a distinction is made between cash flows from operating, investing, and financing activities. The changes in the relevant balance sheet items cannot be directly derived from the consolidated balance sheet, as they are adjusted for non-cash transactions, such as effects arising from currency translation and changes to the scope of consolidation.

The cash flow is calculated as net income from continuing operations adjusted for income taxes, net interest, depreciation, amortisation, impairment, and other eliminations. Cash flows from dividends received from non-consolidated companies, from interest received and paid, and from income taxes paid are also recognised. Changes in working capital and utilisation of provisions are taken into account when determining the cash flow from operating activities.

Cash flows from the acquisition or sale of intangible assets as well as property, plant and equipment and financial fixed assets are recognised in the cash flow from investing activities. If these relate to the acquisition or disposal of subsidiaries or other business units (gain or loss of control), the effects on the statement of cash flows are shown in separate items.

The cash flow from financing activities mainly results from changes in capital and dividend payments as well as proceeds from and repayments of bonds and loans and repayments of lease liabilities. In addition, cash flows from changes in ownership interests in subsidiaries that do not result in a loss of control are classified as financing activities.

The cash flows from foreign Group companies shown in the statement are generally translated into euro using the average annual exchange rates. In contrast, cash and cash equivalents are translated using the exchange rate at year end, as in the consolidated balance sheet. The effects of exchange rate changes on cash and cash equivalents are shown separately.

The significant individual items in the statement of cash flows are explained below.

8.1 Dividends received

Of the cash inflow from dividends received, €188.4 million (previous year: 173.9) relates to joint ventures, €23.1 million (previous year: 27.8) to associates, and €2.0 million (previous year: 1.7) to other participations.

8.2 Interest received/interest paid

The cash inflow from interest received rose by €26.0 million to €184.9 million (previous year: 158.9), primarily as a result of the increase in payments received from short-term financial investments. Interest paid increased by €32.9 million to €354.8 million (previous year: 321.9). This was mainly due to the rise in interest payments for bonds.

8.3 Other eliminations

The other eliminations include non-cash expenses and income, such as results from equity accounted investments (REI) (before impairment or reversal of impairments), additions to and reversal of provisions, and impairment and reversal of impairments of working capital. Furthermore, the results from divestments are adjusted because the total amount earned from divestments is shown in the cash flow from investing activities. The following table shows the composition of the other eliminations:

Other eliminations

€m	2023	2024
Result from equity accounted investments	-234.2	-255.7
Addition/reversal of pension provisions	59.6	35.3
Addition/reversal of other provisions	152.0	228.8
Impairment/reversal of impairments of working capital	28.2	0.2
Result from divestments	-108.8	-92.6
Other non-cash expenses and income	24.3	-11.9
	-78.8	**-95.9**

8.4 Changes in operating assets/liabilities

Operating assets consist of inventories, trade receivables, and other assets used in operating activities. Operating liabilities include trade payables and other liabilities from operating activities.

8.5 Investments (cash outflow)

The payments for investments differ from additions in the fixed asset movement schedule, which shows, for instance, non-cash transactions as additions, such as additions in connection with leasing transactions.

Of the total cash-relevant investments of €2,142.6 million (previous year: 1,849.8), €955.3 million (previous year: 1,058.9) related to investments to maintain and optimise capacity and €1,187.3 million (previous year: 790.9) to capacity expansions.

Investments in intangible assets and property, plant and equipment less subsidies received amounted to €1,300.1 million (previous year: 1,235.4) and concerned maintenance, optimisation, and environmental protection measures at our production sites, as well as expansion projects in growth markets.

Payments for the acquisition of subsidiaries and other business units amounted to €774.3 million (previous year: 414.2); this figure was primarily attributable to the acquisition of Highway Materials Inc. and Carver Sand & Gravel LLC as well as significant assets of Victory Rock USA LLC in the USA, the Mick George Group and the B&A Group in the United Kingdom, the ACE Group in Malaysia, and the ready-mixed concrete operating line of the Elvin Group in Australia. In the previous year, the payments resulted mainly from the acquisition of The SEFA Group, LLC, in the USA, RWG and the SER Group in Germany, PT Semen Grobogan in Indonesia, and Tanga Cement PLC in Tanzania. Further details of the acquisitions are provided in Note 5.1.

Investments in financial assets, associates, and joint ventures amounted to €68.3 million (previous year: 200.2), of which €32.5 million was attributable to capital contributions to associates and other financial investments and €29.8 million to the granting of loans. Payments in the previous year mainly related to the acquisition and granting of loans totalling €151.5 million.

8.6 Divestments (cash inflow)

The cash inflow from the disposal of subsidiaries and other business units amounted to €51.1 million (previous year: 26.6) and primarily relates to the sale of the French cement transport business and to the divestment of ready-mixed concrete sites and aggregates quarries to comply with competition law requirements in connection with the acquisition of the Mick George Group. Proceeds in the previous year mainly related to the sale of the business in the Madrid region of Spain. Detailed explanations on the divestments are provided in Note 5.2.

Proceeds from the disposal of intangible assets and property, plant and equipment amounted to €150.5 million in the financial year (previous year: 135.6). The payments received from the disposal of financial assets, associates, and joint ventures as well as the repayment of loans amounting to €128.2 million (previous year: 207.8) primarily resulted from the repayment of loans amounting to €109.7 million. In the previous year, proceeds were mainly attributable to the disposals of the joint venture in Georgia and the Chaney Group in the USA.

8.7 Acquisition of treasury shares

The first tranche of the 2024 share buyback programme was completed in the financial year with the acquisition of 3,637,360 shares for a total of €350.0 million (including incidental acquisition costs). In the previous year, 4,117,499 shares were acquired for a total of €298.0 million under the third tranche of the 2021 share buyback programme.

8.8 Increase in ownership interests in subsidiaries

The payments amounting to €32.8 million made to increase ownership interests in subsidiaries related to the 1.3% increase in our share in PT Indocement Tunggal Prakarsa Tbk., Indonesia, through the acquisition of treasury shares.

8.9 Proceeds from bond issuance and loans

This item includes the issue of two bonds in the 2024 financial year. The bond issued in June with a nominal volume of €700 million and a coupon of 3.95% has a term ending on 19 July 2034. The bond issued in September has a nominal volume of €500 million, a coupon of 3.375%, and a term ending on 17 October 2031. In addition, a loan of €100 million with a term ending on 4 December 2030 and an interest rate of 2.965% was taken out with the European Investment Bank in December 2024.

8.10 Repayment of bonds, loans, and lease liabilities

This item includes the scheduled repayments of financial liabilities. In the 2024 financial year, Heidelberg Materials AG repaid two bonds with a nominal volume totalling €1,400.0 million and bank loans amounting to €10.8 million. In addition, financial liabilities assumed as a result of business combinations amounting to €73.2 million (previous year: 283.1) were repaid. Lease liabilities of €254.7 million (previous year: 233.4) were also repaid.

8.11 Changes in short-term financial liabilities

This item shows the balance of proceeds from and payments for items with a high turnover rate, large amounts, and short terms from financing activities.

8.12 Changes in liabilities arising from financing activities

The following table shows the changes in liabilities arising from financing activities, broken down into cash-relevant and non-cash changes.

Changes in liabilities arising from financing activities

€m	Bonds payable	Bank loans	Miscellaneous other financial liabilities	Lease liabilities	Non-controlling interests with put options	Derivative financial instruments (net position)	**Total**
1 January 2024	**6,861.5**	**290.3**	**104.9**	**1,088.5**	**79.3**	**40.7**	**8,465.2**
Cash flow from financing activities	–200.0	40.8	–93.9	–254.7		69.3	–438.5
Change in consolidation scope		45.0	104.5	86.6			236.1
Currency translation		1.5	4.3	20.1			25.8
Changes in fair value						–93.0	–93.0
Other changes	16.1	–2.9	2.7	203.2	8.4		227.6
31 December 2024	**6,677.6**	**374.7**	**122.5**	**1,143.6**	**87.7**	**17.0**	**8,423.2**
1 January 2023	**5,321.9**	**321.2**	**92.0**	**1,051.1**	**87.3**	**37.0**	**6,910.7**
Cash flow from financing activities	1,500.0	–40.2	–278.6	–233.4		63.1	1,010.9
Change in consolidation scope		20.8	350.8	53.9			425.4
Currency translation		–11.6	4.3	–14.7			–22.0
Changes in fair value						–59.4	–59.4
Other changes	39.5	0.1	–63.6	231.6	–8.1		199.6
31 December 2023	**6,861.5**	**290.3**	**104.9**	**1,088.5**	**79.3**	**40.7**	**8,465.2**

The cash-relevant change in liabilities arising from financing activities includes cash flows resulting from the proceeds from and repayments of loans, bonds, and short-term financial liabilities and repayments of lease liabilities, as well as cash flows from rolling currency derivatives, insofar as they serve to hedge financial liabilities.

The net position of the derivative financial instruments includes currency derivatives with both positive and negative fair values. This results in a negative net carrying amount of €17.0 million (previous year: 40.7) as at 31 December 2024. The total change in interest liabilities is shown in other changes, as interest-related payment flows in the statement of cash flows are allocated to cash flow from operating activities.

8.13 Cash and cash equivalents

Cash and cash equivalents with a remaining term of up to three months are included. The cash equivalents in this item are short-term, highly liquid financial investments that are readily convertible to a known amount of cash and subject to only insignificant changes in value. Of this item, €99.8 million (previous year: 75.6) is not available for use by Heidelberg Materials. This includes €22.6 million (previous year: 17.1) in short-term cash deposits at banks that were placed as security for various business transactions, for example outstanding recultivation payments and guarantees provided. The figure also takes into account bank balances of €77.2 million (previous year: 58.5) that cannot be freely transferred within the Group because of foreign exchange restrictions.

9 Notes to the balance sheet

9.1 Intangible assets

Intangible assets (31 December 2024)

€m	Goodwill	Other intangible assets	Total
Cost			
1 January 2024	12,428.7	801.0	13,229.7
Currency translation	403.9	16.4	420.4
Business combinations	402.4	49.5	451.9
Divestments	-3.5	-0.1	-3.5
Additions		89.5	89.5
Disposals		-24.1	-24.1
Reclassifications		17.2	17.2
Reclassifications to current assets		-3.1	-3.1
31 December 2024	13,231.5	946.4	14,177.9
Amortisation			
1 January 2024	4,087.0	458.2	4,545.2
Currency translation	124.5	6.3	130.8
Divestments	-1.7	-0.1	-1.7
Additions		58.4	58.4
Impairment	46.0	4.8	50.8
Disposals		-22.6	-22.6
Reclassifications		-0.2	-0.2
Reclassifications to current assets		-3.0	-3.0
31 December 2024	4,255.9	501.8	4,757.7
Carrying amount at 31 December 2024	**8,975.7**	**444.6**	**9,420.2**

Intangible assets (31 December 2023)

€m	Goodwill	Other intangible assets	Total
Cost			
1 January 2023	12,442.1	648.8	13,090.9
First-time application IAS 29 Hyperinflation	18.0		18.0
Currency translation	-169.8	-7.2	-177.0
Business combinations	142.9	123.4	266.3
Divestments	-0.9	-0.2	-1.1
Additions		57.8	57.8
Disposals		-29.4	-29.4
Reclassifications		7.9	7.9
Reclassifications to current assets	-3.7	-0.0	-3.7
31 December 2023	12,428.7	801.0	13,229.7
Amortisation			
1 January 2023	4,074.0	439.5	4,513.5
Currency translation	12.9	-4.6	8.3
Divestments	0.1	-0.2	-0.1
Additions		46.3	46.3
Impairment		5.4	5.4
Disposals		-28.5	-28.5
Reclassifications		0.3	0.3
31 December 2023	4,087.0	458.2	4,545.2
Carrying amount at 31 December 2023	**8,341.7**	**342.9**	**8,684.6**

Goodwill

An impairment test on goodwill in accordance with IAS 36 (Impairment of Assets) is generally performed annually within the Heidelberg Materials Group, in the fourth quarter once the operational three-year plan has been prepared or if there are indications for impairment.

In this impairment test, the carrying amount of a group of cash-generating units (CGUs) to which goodwill is allocated is compared with the recoverable amount of this group of CGUs.

Cash flow estimates extend over a five-year planning period, after which a terminal value is applied. A three-year detailed bottom-up operational plan approved by the Managing Board and Supervisory Board forms the basis for these estimates. This is generally complemented by a top-down plan for an additional two years, which incorporates medium-term expectations of the management based on estimates of market volume, market shares, as well as cost and price development. As a general rule, the top-down plan is derived by applying growth rates to the detailed three-year operational plan. A detailed plan is created for all CGUs operating in unstable markets. This applies especially to those markets in which demand for building materials and building products, as well as the price level, have decreased substantially due to economic uncertainties. It is generally assumed that demand and prices in these markets will recover.

The volumes derived from the demand are generally based on the assumption of constant market shares. The underlying development of the price level varies by CGU.

Variable costs are assumed to evolve in line with the projected development of volumes and prices. With increasing volumes, this leads to a significant improvement in the operating margin in some cases.

Under our Sustainability Commitments 2030, we will further reduce our emissions through conventional levers and carbon capture, utilisation, and storage (CCUS), circular economy, responsible land use, and water conservation. The assumptions for the estimated CO_2 costs are based on analyst estimates. The potential impact of physical climate risks was assessed and taken into account accordingly in the operational plan. The projections for the estimated growth rates of the terminal value are based on country-specific long-term inflation rates.

The WACC rates for the Group were calculated using a two-phase approach, whereby a phase-one WACC rate was used to discount the payment surpluses for the first five years and a phase-two WACC discount rate was applied to determine the terminal value. The difference between the two WACC rates merely results from the downward adjustment for the perpetual growth rate as well as a long-term inflation differential adjustment in phase two. The credit spread was derived from the rating of the homogenous peer group. The peer group is subjected to an annual review and adjusted if necessary.

The following key assumptions were applied in the determination of the recoverable amount based on the value in use for the CGU.

Goodwill impairment test assumptions

Group area/CGU[1] or group of CGUs	Carrying amount of goodwill in €m		Weighted average cost of capital before taxes[2]		Weighted average cost of capital after taxes[2]		Perpetual growth rate	
	31 Dec. 2023	**31 Dec. 2024**	31 Dec. 2023	**31 Dec. 2024**	31 Dec. 2023	**31 Dec. 2024**	31 Dec. 2023	**31 Dec. 2024**
Europe	1,780.5	1,914.3	9.4%–14.2%	9.5%–14.5%	7.7%–12.3%	7.9%–12.1%	1.6%–2.5%	1.8%–3.0%
Benelux	222.3	222.3	10.4%	10.5%	8.3%	8.4%	2.0%	2.0%
Czechia	140.9	139.0	10.6%	10.7%	9.0%	8.8%	2.0%	2.0%
France	187.2	195.1	10.3%	10.7%	8.1%	8.5%	1.6%	1.8%
Germany	478.6	486.1	10.1%	10.4%	7.7%	7.9%	2.0%	2.0%
Nordic Precast Group	109.0	58.7	9.4%	9.5%	8.0%	8.1%	2.0%	2.0%
Poland	150.7	151.5	12.4%	12.1%	10.7%	10.3%	2.5%	2.5%
United Kingdom	129.9	304.6	10.8%	11.0%	8.6%	8.8%	2.0%	2.0%
North America	4,735.2	5,177.7	9.9%	10.7%	7.8%	8.5%	2.1%	2.1%
Asia-Pacific	1,372.7	1,428.0	9.2%–20.5%	9.5%–22.1%	7.6%–17.8%	8.0%–19.4%	1.0%–5.5%	1.0%–5.5%
Australia	1,030.5	1,020.2	11.1%	10.8%	8.7%	8.5%	2.6%	2.5%
Bangladesh	8.1	8.1	20.5%	22.1%	17.8%	19.4%	5.5%	5.5%
India	203.3	209.4	15.9%	15.1%	12.0%	12.7%	4.0%	4.0%
Thailand	33.4	35.9	11.7%	12.0%	9.6%	9.9%	2.0%	2.0%
Africa-Mediterranean-Western Asia	453.3	455.8	11.0%–37.2%	12.9%–31.7%	8.9%–30.2%	10.5%–25.7%	2.1%–8.0%	2.0%–8.0%
Israel	67.9	77.0	11.0%	12.9%	8.9%	10.5%	2.1%	2.1%
Morocco	280.8	291.6	15.6%	15.6%	11.2%	11.1%	2.1%	2.0%
Total	**8,341.7**	**8,975.7**						

1) CGU = Cash-generating unit
2) Stated figure is the phase one WACC, before adjustment for growth. The second phase WACC, used to calculate the terminal value, is equal to the phase one WACC after adjustment for growth and long-term inflation differential.

The impairment test led to impairments of goodwill in the amount of €46.0 million. This impairment relates to the CGU Nordic Precast Group, where the carrying amount exceeded the recoverable amount of €113.7 million in accordance with the value-in-use method. This mainly resulted from a significantly weaker development of results.

For the CGUs Bangladesh, France, Germany, India, Nordic Precast Group, and Thailand, changes in the sustainable growth rate, the operational plan as the basis for cash flow estimates, or the weighted average cost of capital could cause the carrying amount to exceed the recoverable amount. Management does not rule out such a development. In the case of the CGU Nordic Precast Group in particular, any further negative change results in an additional impairment. With a reduction of the growth rate of around 0.6 percentage points for the CGU France, around 0.8 percentage points for the CGU Thailand, and around 1.1 percentage points for the CGU India, the recoverable amount corresponds to the respective carrying amount. With a decline in the planned results (EBIT) for each year of planning as well as in the terminal value of around 6.3% for the CGU Thailand, around 7.3% for the CGU France, around 10.7% for the CGU India, and around 14.6% for the CGU Bangladesh, the recoverable amount and carrying amount are equal. With an increase in the weighted average cost of capital before taxes of around 0.7 percentage points for the CGU France, around 0.7 percentage points for the CGU Thailand, and around 1.1 percentage points for the CGU India, the recoverable amount corresponds to the respective carrying amount. For the CGU Morocco, we assumed the fair value less costs to sell on the basis of the stock market price.

Without the aforementioned changes, the recoverable amount exceeds the carrying amount of the CGU Bangladesh by €8.3 million, of the CGU Thailand by €22.9 million, of the CGU India by €57.2 million, and of the CGU France by €97.5 million as at the reporting date.

With a reduction of 1.6 percentage points in the growth rate, an increase in the WACC before taxes of 1.7 percentage points, or a decline of 15.8% in the planned result (EBIT) for each year of planning as well as in the terminal value, the recoverable amount for all other CGUs continues to lie above the carrying amount.

Other intangible assets

Other intangible assets mainly include concessions, acquired customer relationships, development costs, and software. Spending on research and development of €129.5 million (previous year: 95.3) was recorded as an expense as it did not fulfil the recognition criteria for intangible assets.

9.2 Property, plant and equipment

Property, plant and equipment (31 December 2024)

€m	Land and buildings	Plant and machinery	Other operating equipment	Prepayments and assets under construction	Total
Cost					
1 January 2024	11,727.9	14,847.1	2,373.8	1,192.2	30,141.1
Currency translation	232.5	271.7	23.5	-6.7	521.0
Business combinations	355.4	183.4	35.1	4.0	577.8
Divestments	-26.6	-12.9	-7.8	0.0	-47.2
Additions	161.7	101.3	170.4	1,015.8	1,449.2
Disposals	-126.7	-168.2	-110.1	-2.4	-407.4
Reclassifications	17.2	678.6	60.9	-771.1	-14.4
Reclassifications to current assets	-77.0	-114.2	-6.7	-3.9	-201.7
31 December 2024	12,264.5	15,786.8	2,539.1	1,428.0	32,018.4
Depreciation					
1 January 2024	4,596.7	9,858.8	1,515.0	20.9	15,991.4
Currency translation	54.2	162.0	15.6	-1.5	230.3
Divestments	-12.9	-12.0	-7.3		-32.2
Additions	332.1	662.2	242.3		1,236.6
Impairment	124.1	61.8	9.2	3.8	198.9
Reversal of impairment	-7.2	-1.4	-0.4	-1.1	-10.0
Disposals	-63.8	-141.6	-99.8	0.3	-304.8
Reclassifications	1.4	13.6	-12.8	-2.0	0.2
Reclassifications to current assets	-25.4	-65.5	-1.8		-92.7
31 December 2024	4,999.1	10,538.1	1,660.1	20.4	17,217.8
Carrying amount at 31 December 2024	**7,265.4**	**5,248.8**	**879.0**	**1,407.6**	**14,800.7**

Property, plant and equipment (31 December 2023)

€m	Land and buildings	Plant and machinery	Other operating equipment	Prepayments and assets under construction	Total
Cost					
1 January 2023	11,146.2	13,855.7	2,294.8	1,728.7	29,025.5
First-time application IAS 29 Hyperinflation	15.6	78.4	3.4		97.4
Currency translation	-189.5	-271.8	-37.3	-28.0	-526.5
Business combinations	387.5	148.7	45.8	3.3	585.4
Divestments	-8.2	-7.2	-3.1	-0.1	-18.5
Additions	144.8	114.1	155.0	1,019.0	1,433.0
Disposals	-75.0	-188.4	-143.2	-3.1	-409.8
Reclassifications	307.2	1,118.5	94.1	-1,527.7	-7.9
Reclassifications to current assets	-0.8	-1.0	-35.8	0.0	-37.5
31 December 2023	11,727.9	14,847.1	2,373.8	1,192.2	30,141.1
Depreciation					
1 January 2023	4,382.6	9,501.6	1,453.8	26.9	15,364.9
First-time application IAS 29 Hyperinflation	4.6	44.8	2.6		52.0
Currency translation	-67.3	-174.1	-25.7	-2.9	-270.0
Divestments	-2.9	-5.0	-2.0		-9.9
Additions	320.9	623.9	244.4		1,189.3
Impairment	16.3	14.2	0.8	4.0	35.2
Reversal of impairment	-5.8	-4.7	-0.1	-0.1	-10.6
Disposals	-55.0	-149.3	-135.2	-3.2	-342.6
Reclassifications	2.0	8.0	-6.5	-3.8	-0.3
Reclassifications to current assets	1.1	-0.6	-17.1		-16.6
31 December 2023	4,596.7	9,858.8	1,515.0	20.9	15,991.5
Carrying amount at 31 December 2023	**7,131.2**	**4,988.2**	**858.8**	**1,171.4**	**14,149.6**

Exploitation land and mineral reserves are also recorded in land and buildings.

In the 2024 financial year, government grants of €110.1 million (previous year: 94.4) were deducted directly from the acquisition costs. Of this amount, €76.7 million was attributable to the CCS project in Brevik, Norway, and €20.6 million to the CCUS project in Edmonton, Canada. The conditions attached to these grants have been met in full and there are no other uncertainties.

In the 2024 financial year, as in the previous year, no property, plant and equipment was pledged as security. In addition, borrowing costs of €1.0 million (previous year: 7.7) were capitalised. The average capitalisation rate applied was 3 % (previous year: 2 %).

Right-of-use assets

The right-of-use assets reported under property, plant and equipment result from leases accounted for in accordance with IFRS 16. The following table shows the development of the right-of-use assets.

Right-of-use assets (31 December 2024)

€m	Land and buildings	Plant and machinery	Other operating equipment	**Total**
Cost				
1 January 2024	1,020.1	212.1	880.9	2,113.0
Currency translation	24.0	1.0	13.4	38.4
Business combinations	36.3	53.9	2.0	92.2
Divestments	0.1		-0.6	-0.5
Additions	89.9	14.9	120.2	225.0
Disposals	-26.7	-3.3	-74.3	-104.3
Reclassifications	-0.0	-0.1	0.1	0.0
31 December 2024	1,143.6	278.5	941.7	2,363.8
Depreciation				
1 January 2024	381.8	164.7	529.7	1,076.1
Currency translation	10.0	-0.9	9.6	18.8
Divestments			-0.7	-0.7
Additions	93.6	28.7	126.7	249.0
Impairment	3.4		0.2	3.6
Reversal of impairment	-0.4			-0.4
Disposals	-10.9	-2.0	-68.1	-81.1
Reclassifications	0.0	12.4	-12.4	-0.0
31 December 2024	477.4	203.0	584.9	1,265.2
Carrying amount at 31 December 2024	**666.2**	**75.6**	**356.8**	**1,098.5**

Right-of-use assets (31 December 2023)

€m	Land and buildings	Plant and machinery	Other operating equipment	**Total**
Cost				
1 January 2023	894.4	214.0	842.8	1,951.2
First-time application IAS 29 Hyperinflation	7.5		0.0	7.5
Currency translation	-18.3	-5.1	-10.4	-33.8
Business combinations	49.9	1.3	3.1	54.3
Divestments	-0.2	-0.0	-0.9	-1.0
Additions	106.7	6.1	127.7	240.5
Disposals	-20.0	-4.9	-73.3	-98.3
Reclassifications		0.8	-8.2	-7.4
Reclassifications to current assets	-0.0			-0.0
31 December 2023	1,020.1	212.1	880.9	2,113.0
Depreciation				
1 January 2023	315.0	144.4	500.3	959.7
First-time application IAS 29 Hyperinflation	0.6			0.6
Currency translation	-7.1	-4.3	-6.7	-18.1
Divestments	-0.1	-0.0	-0.5	-0.7
Additions	89.2	18.8	126.9	235.0
Impairment	2.0		0.1	2.0
Reversal of impairment	-3.1		-0.0	-3.1
Disposals	-14.8	-3.4	-71.4	-89.6
Reclassifications		9.2	-19.1	-9.9
Reclassifications to current assets	0.1		-0.0	0.1
31 December 2023	381.8	164.7	529.7	1,076.1
Carrying amount at 31 December 2023	**638.3**	**47.4**	**351.2**	**1,036.9**

Information on lease liabilities is provided in Note 8.12 and Note 9.14 as well as on **page 262 f.** and **page 264**.

The following table contains all the cash outflows for leases.

Cash outflow for leases

€m	2023	2024
Principal payments for lease liabilities	233.4	254.7
Interest payments for lease liabilities	35.5	41.3
Short-term leases	148.2	144.9
Leases of low-value assets	3.5	4.3
Variable lease payments, that were not recognised in the lease liability	107.5	142.4
	528.1	**587.7**

Impairment of other intangible assets and property, plant and equipment

In the reporting year, Heidelberg Materials tested impairment losses on the basis of local cash-generating units (CGUs). This resulted in impairments.

The impairments in the 2024 financial year are shown in the following table.

Impairment of other intangible assets and property, plant and equipment (reporting year)

€m	Other intangible assets	Land and buildings	Plant and machinery	Other operating equipment	Prepayments and assets under construction	Total
Europe	-0.0	-82.2	-35.0	-1.9	-0.4	-119.5
France	-0.0	-45.5	-18.8	-1.2	-0.1	-65.6
Germany		-19.0	-6.9	-0.3	-0.2	-26.4
Other	-0.0	-17.6	-9.3	-0.5	-0.1	-27.5
Asia-Pacific	-3.1	-28.2	-11.2	-2.2	-2.9	-47.7
Australia	-3.1	-23.6	-6.1	-1.4	-2.8	-37.0
Other		-4.6	-5.1	-0.8	-0.1	-10.6
Africa-Mediterranean-Western Asia	-1.6	-13.7	-15.6	-5.1	-0.5	-36.4
Kazakhstan	-1.6	-5.1	-12.9	-5.1	-0.5	-25.2
Morocco		-8.5				-8.5
Other			-2.7			-2.7
Total	**-4.8**	**-124.1**	**-61.8**	**-9.2**	**-3.8**	**-203.6**

In France, the carrying amounts of property, plant and equipment totalling €41.0 million were fully impaired due to the closure of the cement plants in Beffes and Villiers-au-Bouin. In the aggregates business line, impairment tests due to a decline in the development of results led to impairments of €19.0 million for two quarries. The carrying amounts of €40.5 million were impaired to the recoverable amount of €21.5 million. A cost of capital of 6.40% was used for this calculation.

In Germany, clinker production ceased at the Hanover cement plant. The associated non-current assets with a carrying amount of €26.4 million were fully impaired.

In Australia, impairment tests were carried out on six aggregates sites due to declining earnings expectations. A cost of capital of 9.0% was used for this calculation. Overall, impairments amounted to €29.3 million. The carrying amounts of the locations of €41.1 million were impaired to the recoverable amount of €12.0 million.

In Kazakhstan, three clinker kilns at the Bukhtarma plant were shut down due to capacity adjustments. The impairment test carried out using a cost of capital of 13.79% resulted in a full impairment of the associated non-current assets amounting to €25.2 million.

In Morocco, impairment tests were carried out for two limestone quarries based on updated valuations of mineral reserves. Based on these valuations, the carrying amount totalling €25.4 million was impaired by €8.5 million to the recoverable amount of €16.9 million.

Impairment losses are shown in the additional ordinary expenses.

Reversal of impairment on property, plant and equipment

Reversals of impairment losses in the 2024 financial year are shown in the following table.

Reversal of impairment on property, plant and equipment (reporting year)

€m	Land and buildings	Plant and machinery	Other operating equipment	Prepayments and assets under construction	Total
Europa	7.2	1.0	0.3	1.1	9.7
United Kingdom	7.0	1.0	0.0	0.6	8.7
Other	0.2	0.0	0.3	0.5	1.0
Asia-Pacific		0.3	0.0		0.3
Total	**7.2**	**1.4**	**0.4**	**1.1**	**10.0**

In the United Kingdom, impairments in the previous year were reviewed due to improved expectations for the development of results. A cost of capital of 11.0% was used for this calculation. This resulted in reversals of impairment losses amounting to €8.7 million. The primary reversal of an impairment loss of €5.9 million was recognised for an aggregates quarry to the recoverable amount of €6.5 million.

Reversals of impairment losses are shown in the additional ordinary income.

Impairment of other intangible assets and property, plant and equipment in the previous year

The impairments in the 2023 financial year are shown in the following table.

Impairment of other intangible assets and property, plant and equipment (previous year)

€m	Other intangible assets	Land and buildings	Plant and machinery	Other operating equipment	Prepayments and assets under construction	Total
Europe	-0.1	-5.9	-5.6	-0.1		-11.6
United Kingdom		-2.9	-2.5	-0.1		-5.5
Other	-0.1	-3.0	-3.0	-0.1		-6.2
North America		-8.0	-0.1	0.0		-8.1
Asia-Pacific	-0.4	-1.9	-8.5	-0.0		-10.9
India		-1.9	-6.3			-8.2
Other	-0.4	-0.0	-2.1	-0.0		-2.6
Africa-Mediterranean-Western Asia	-0.0	-0.6	-0.0	-0.6	-4.0	-5.2
Group Other	-4.8					-4.8
Total	**-5.4**	**-16.3**	**-14.2**	**-0.8**	**-4.0**	**-40.6**

In North America, the impairments related to purchase options received for real estate at Crabtree and Perfection Farms. The carrying amount for Perfection Farms of €9.5 million was impaired by €6.0 million to the fair value less costs to sell of €3.5 million. The carrying amount of €2.1 million for Crabtree was impaired by €2.1 million to €0 million.

In India, the value of a coal-fired power plant was reviewed due to the planned change in energy supply. This resulted in an impairment loss of €8.2 million. The carrying amount of €9.3 million was reduced to the fair value less costs to sell of €1.1 million.

In the United Kingdom, the impairment of assets was tested on the basis of local cash-generating units (CGUs) or management areas. Impairment losses mainly related to the CGU Hanson Quarry Products Europe. Assets within the CGUs were impaired by €4.8 million, with a carrying amount of €6.7 million and a value in use or fair value less costs to sell of €1.9 million. The reasons for the impairment are increased costs of capital, as well as a decline in demand due to the stagnating economic situation. A cost of capital of 10.8% was used.

Reversal of impairment on property, plant and equipment in the previous year

Reversals of impairment losses in the 2023 financial year are shown in the following table.

Reversal of impairment on property, plant and equipment (previous year)

€m	Land and buildings	Plant and machinery	Other operating equipment	Prepayments and assets under construction	Total
Europe	5.4	3.1	0.0		8.5
United Kingdom	3.9	2.9	0.0		6.9
Other	1.4	0.3			1.7
Africa-Mediterranean-Western Asia	0.4	1.6	0.1	0.0	2.0
Group Other	0.0			0.0	0.0
Total	**5.8**	**4.7**	**0.1**	**0.1**	**10.6**

Significant reversals of impairment losses related to individual CGUs within Hanson Quarry Products Europe and Cementitious in the United Kingdom. Due to improved expectations for the development of results, coupled with a focus on strict cost management, reversals of impairment losses totalling €6.8 million were recognised to a carrying amount of €21.8 million. A cost of capital of 10.8% was used.

9.3 Financial investments

This item includes investments in equity instruments. Firstly, participations in immaterial subsidiaries, joint ventures, and associates with a carrying amount of €68.5 million (previous year: 60.4) are shown. These participations are measured at cost. Secondly, this item contains financial investments, which are measured at fair value through profit or loss. These primarily include participations of €23.1 million (previous year: 22.1) on which Heidelberg Materials has no significant influence.

Additional information on the financial investments is provided in Note 10.1.

9.4 Other receivables and assets

The following table shows the composition of the financial and non-financial other receivables and assets.

Other receivables and assets

€m	31 December 2023 Non-current	31 December 2023 Current	31 December 2024 Non-current	31 December 2024 Current
Deposits paid	30.6	16.4	29.9	12.9
Miscellaneous operating receivables	28.6	149.0	26.9	180.2
Other receivables and assets that qualify as financial instruments	**59.2**	**165.4**	**56.8**	**193.1**
Overfunding of pension plans	679.0		659.3	
Contract assets	0.8	44.4	0.6	49.2
Other non-financial assets	42.5	14.2	40.0	13.1
Non-income tax receivables		177.7		169.8
Prepaid expenses and payments made on account	58.5	205.2	145.6	231.3
Other receivables and assets that do not qualify as financial instruments	**780.8**	**441.5**	**845.4**	**463.4**
	840.0	**606.9**	**902.2**	**656.5**

Other non-financial assets mainly include non-current claims for reimbursement against insurance companies for environmental and third-party liability damages amounting to €39.9 million (previous year: 42.5), as well as current claims for reimbursement against insurance companies for environmental and third-party liability damages amounting to €12.7 million (previous year: 10.6).

An explanation of the credit risks is provided in Note 10.3.

9.5 Inventories

In the reporting year, impairments of inventories of €35.6 million (previous year: 40.5) and reversals of impairment losses of €37.0 million (previous year: 25.9) were recognised.

9.6 Trade receivables

Trade receivables relate to contracts with customers within the scope of IFRS 15.

Information on valuation allowances and credit ratings as well as an explanation of credit risks are provided in Note 10.3.

Heidelberg Materials is party to several factoring agreements for the revolving sale of trade receivables. There are no repurchase obligations on Heidelberg Materials for these receivables. As at the reporting date, receivables of €799.9 million (previous year: 774.6) were sold under these agreements. The resulting maximum exposure to loss amounts to €91.5 million (previous year: 68.0).

Receivables of €307.1 million (previous year: 286.1) were fully derecognised for four factoring agreements. The maximum exposure to loss amounts to €24.8 million (previous year: 20.6) and results from the partial coverage of credit and late payment risks, whereby the inherent risk from the continuing involvement is monitored as part of regular receivables management. The maximum exposure to loss substantially contains the carrying amount for the reserve account covering credit losses of pre-financed trade receivables as well as guarantees granted for this. The reserve account with a carrying amount of €4.6 million (previous year: 5.9) is reported in the cash and cash equivalents. Guarantees were granted in the amount of €16.4 million (previous year: 11.1). The management assumes that no significant risks or rewards remain because, as in the past, utilisation of the reserve accounts for the maximum exposure to loss is not anticipated. The fair value of the continuing involvement corresponds to the carrying amount.

Continuing involvements were recognised for two factoring agreements. The sold receivables amounting to €492.8 million (previous year: 488.5) were only derecognised up to the maximum exposure to loss of €66.7 million (previous year: 47.4), as the risks and rewards associated with the sold receivables were neither transferred nor retained, and the economic control remains with Heidelberg Materials since the buyer is unable to resell the receivables to third parties. The carrying amount of the continuing involvement in trade receivables sold results from the reserve account covering credit losses of pre-financed trade receivables amounting to €17.0 million (previous year: 16.3), guarantees granted for this in the amount of €41.7 million (previous year: 21.6), and the maximum late payment interest costs of €8.1 million (previous year: 9.6). The corresponding liability of €66.7 million (previous year: 48.1) is reported in the other operating liabilities. At the time of the sale of the receivables, the fair value of the expected losses of €0.5 million (previous year: 0.7) is recognised in the financial result as an expense. To ensure legal validity, trade receivables of €21.3 million (previous year: 26.8) were pledged as security.

9.7 Subscribed share capital

As at the reporting date of 31 December 2024, the subscribed share capital amounts to €546,204,360. It is divided into 182,068,120 shares; the shares are no-par value bearer shares. The pro rata amount of each share is €3.00, which corresponds to a proportionate amount of the subscribed share capital.

Authorised Capital

The Annual General Meeting held on 4 June 2020 authorised the Managing Board, with the consent of the Supervisory Board, to increase the company's subscribed share capital by a total amount of up to €178,500,000 by issuing new no-par value bearer shares in return for cash contributions and/or contributions in kind on one or more occasions in partial amounts until 3 June 2025 (Authorised Capital 2020). The shareholders must be granted subscription rights. However, the Managing Board is authorised by the Articles of Association, in certain cases described in more detail in the authorisation, to exclude the subscription rights of shareholders – i.e. in the event of a capital increase for cash in order to realise residual amounts, to service option or conversion rights, or to issue shares totalling up to 10% of the share capital at a near-market price; or in the event of a capital increase in return for contributions in kind for the purpose of acquiring companies or within the scope of implementing a dividend in kind/dividend option. As at 31 December 2024, the authorisation to issue new shares in return for cash contributions and/or contributions in kind forming the basis of the Authorised Capital 2020 had not been used.

Conditional share capital

In addition, the conditional share capital described below existed as at 31 December 2024. The Annual General Meeting of 11 May 2023 decided to conditionally increase the subscribed share capital by a further amount of up to €115,800,000, divided into up to 38,600,000 new no-par value bearer shares (Conditional Share Capital 2023). The conditional capital increase serves to back the issuance of option or conversion rights, or option or conversion obligations on Heidelberg Materials AG shares. The conditional capital increase is only carried out insofar as the Managing Board issues warrant or convertible bonds under the authorisation until 10 May 2028 and the bearers of option or conversion rights make use of their rights. Warrant or convertible bonds may also be issued with option or conversion obligations. The shareholders generally have a subscription right to newly issued warrant or convertible bonds. The authorisation governs specific cases in which the Managing Board may exclude the subscription right of shareholders to warrant or convertible bonds. As at 31 December 2024, the authorisation to issue warrant or convertible bonds forming the basis of the Conditional Share Capital 2023 had not been used.

A corresponding volume limit as well as the deduction clauses ensure that the sum of all exclusions of subscription rights in the Authorised Capital 2020 and the Conditional Share Capital 2023 will not exceed a limit of 10% of the share capital existing at the time the authorisation to exclude the subscription right comes into force.

Authorisation to acquire treasury shares

Furthermore, the authorisation to acquire treasury shares described below existed as at 31 December 2024. On 11 May 2023, the Annual General Meeting authorised the company to acquire treasury shares up to 10 May 2028 once or several times, in whole or partial amounts, up to a total of 10% of the share capital at the time of the Annual General Meeting's resolution or – if this amount is lower – of the share capital at the time this authorisation is exercised, for any permissible purpose within the scope of the legal restrictions. The authorisation may not be used for the purpose of trading in treasury shares. At no time may more than 10% of the respective share capital be attributable to the acquired treasury shares combined with other shares that the company has already acquired and still possesses. The shares may be acquired via the stock exchange or by way of a public purchase offer or by means of a public call for the submission of offers to sell or by issuing rights to sell shares to the shareholders. The treasury shares acquired on the basis of the authorisation will be used by selling them via the stock exchange or in another suitable manner while ensuring the equal treatment of the shareholders, or for any other purposes permitted by law. The Managing Board is authorised to cancel the acquired treasury shares with the consent of the Supervisory Board without further resolution of the Annual General Meeting. The cancellation may also be effected without a capital decrease by adjusting the proportional amount of the remaining no-par value shares in the company's subscribed share capital. In both cases, the Managing Board is authorised to adjust the number of no-par value shares in the Articles of Association. Shareholders' subscription rights can be excluded in certain cases.

On 27 July 2023, the company announced that it would conclude its 2021–2023 share buyback programme, initially based on the authorisation of 6 May 2021 and launched on 10 August 2021, with a third tranche. With the consent of the Supervisory Board, the Managing Board had extended the originally announced term ending 30 September 2023 until 28 November 2023. The total volume of the programme of up to €1 billion remained unchanged. A total of 4,117,499 shares were acquired by 30 October 2023 under the third tranche with a planned volume of up to €300 million. This corresponds to a nominal amount of €12,352,497 or 2.21% of the company's subscribed share capital. The average purchase price per share paid on the stock exchange was €72.28. The total price (including incidental acquisition costs) of the repurchased shares amounted to around €298 million. The share buyback was effected in the above-mentioned period on 60 trading days by an independent investment company commissioned by the company exclusively via the Frankfurt Stock Exchange Xetra trading system.

On 19 February 2024, the Managing Board resolved to cancel all 4,117,499 treasury shares purchased under the third tranche of the 2021–2023 share buyback programme in the period from 28 July to 30 October 2023, representing all shares held by the company at that time, with a reduction of €12,352,497 in the subscribed share capital. This corresponds to 2.21% of the company's subscribed share capital before cancellation and capital reduction. The Supervisory Board approved the cancellation on 21 February 2024. Following the cancellation of the shares and the capital reduction, the subscribed share capital of Heidelberg Materials AG amounts to €546,204,360 and is divided into 182,068,120 no-par value shares, each representing a notional amount of €3.00 of the subscribed share capital.

On 21 February 2024, the company announced that it would again make use of the authorisation of 11 May 2023 to launch a share buyback programme in the second quarter following the 2024 Annual General Meeting with a total volume of up to €1.2 billion (excluding incidental acquisition costs) and a term no later than the end of 2026. The share buyback will be carried out in three tranches via the stock exchange. The share buyback programme is in line with the Group's financial policy and may be seen in the context of its successful reduction of net debt, good business performance in the 2023 financial year, and the participation of shareholders in the Group's success. The company started the share buyback on 23 May 2024 with a first tranche in a planned volume of €350 to €400 million. A total of 3,637,360 shares were acquired by the completion of the first tranche on 25 November 2024. This corresponds to a nominal amount of €10,912,080 or 2.00% of the company's subscribed share capital. The average purchase price per share paid on the stock exchange was €95.89. The total price (including incidental acquisition costs) of the repurchased shares amounted to around €350 million. The share buyback was effected in the above-mentioned period on 133 trading days by a bank commissioned by the company exclusively via the stock exchange.

The number of treasury shares as at 31 December 2024 is shown in the following overview:

Treasury shares

Number	Shares
1 January 2024	**4,117,499**
Cancellation of treasury shares of the 3rd tranche (2021–2023 programme)	-4,117,499
Share buyback 1st tranche (2024–2026 programme)	3,637,360
31 December 2024	**3,637,360**

As at 31 December 2024, the company holds 3,637,360 treasury shares, corresponding to a nominal amount of €10,912,080 or 2.00% of the company's subscribed share capital.

9.8 Share premium

The share premium increased by €12.4 million to €6,274.5 million compared with the previous year as a result of the cancellation of treasury shares.

9.9 Retained earnings

The following table shows the changes in ownership interests in subsidiaries that do not lead to a change in control.

Changes in ownership interests in subsidiaries

€m	Change in share	Change in retained earnings	Change in non-controlling interests	Change in equity
PT Indocement Tunggal Prakarsa Tbk., Indonesia	1.3%	-2.1	-30.6	-32.7
Heidelberg Materials Suez Cement S.A.E., Egypt	5.5%	-6.2	6.2	-0.0
Total		**-8.2**	**-24.5**	**-32.7**

In the financial year, dividends of €546.2 million (previous year: 484.1), i.e. €3.00 per share (previous year: €2.60 per share), were paid to shareholders of Heidelberg Materials AG.

The Managing Board and Supervisory Board propose the payment of a dividend of €3.30 on each of the participating 178,430,760 no-par value shares for the 2024 financial year. As at the reporting date of 31 December 2024, the number of no-par value shares entitled to dividends is calculated from 182,068,120 shares issued less the 3,637,360 treasury shares acquired in the 2024 financial year.

9.10 Other components of equity

The change of €697.6 million in the currency translation reserve is essentially attributable to the appreciation of the US dollar and the British pound against the euro.

9.11 Non-controlling interests

Subsidiaries with material non-controlling interests

PT Indocement Tunggal Prakarsa Tbk. ("Indocement"), Jakarta, Indonesia, is the material subsidiary with non-controlling interests in the Heidelberg Materials Group. Indocement is a leading Indonesian manufacturer of high-quality cement and special cement products that are sold under the brand name Tiga Roda. Indocement has several subsidiaries that produce ready-mixed concrete, aggregates, and trass. Non-controlling interests hold 44.0% (previous year: 45.3%) of the capital or voting rights in the Indocement Group, which is included in the Asia-Pacific Group area. The Indocement share is listed on the stock exchange in Jakarta, Indonesia.

Non-controlling interests in the equity of Indocement amount to €538.3 million (previous year: 518.4). The profit for the financial year attributable to non-controlling interests amounts to €50.5 million (previous year: 48.9). In the 2024 financial year, Indocement paid dividends of €8.7 million (previous year: 15.3) to non-controlling interests.

The following tables summarise the key financial information of the Indocement Group excluding goodwill allocated to the CGU.

Statement of comprehensive income Indocement Group

€m	2023	2024
Revenue	1,088.3	1,077.4
Depreciation and amortisation	-95.7	-97.2
Result from current operations	**127.8**	**144.9**
Additional ordinary result	-0.7	-0.2
Earnings before interest and taxes (EBIT)	**127.1**	**144.7**
Interest income	11.0	7.8
Interest expenses	-3.7	-10.6
Other financial income and expenses	0.0	-1.1
Profit before tax	**134.5**	**140.7**
Income taxes	-26.5	-27.2
Profit for the financial year	**108.0**	**113.6**
Other comprehensive income	-10.8	26.3
Total comprehensive income	**97.3**	**139.9**

Assets and liabilities Indocement Group

€m	2023	2024
Intangible assets	1.8	1.8
Property, plant and equipment	1,183.7	1,172.2
Financial fixed assets	11.4	15.6
Other non-current assets	11.8	9.7
Non-current assets	**1,208.8**	**1,199.3**
Cash and cash equivalents	187.2	268.7
Other current assets	342.4	340.5
Current assets	**529.6**	**609.2**
Total assets	**1,738.3**	**1,808.6**
Non-current financial liabilities	22.8	6.3
Non-current provisions	28.6	29.0
Other non-current liabilities	27.6	31.9
Non-current liabilities	**79.0**	**67.2**
Current financial liabilities	143.2	140.6
Current provisions	5.6	7.2
Trade payables	199.0	191.8
Other current liabilities	84.7	88.8
Current liabilities	**432.5**	**428.4**
Total liabilities	**511.6**	**495.6**

9.12 Pension provisions

Defined contribution plans

The sum of all pension expenses in connection with defined contribution plans amounted to €129.8 million (previous year: 125.5). In the 2024 financial year, the contributions to the social security programmes came to €82.9 million (previous year: 77.8).

Actuarial assumptions

The significant actuarial assumptions on which the calculations of the defined benefit obligation are based are summarised in the following table (weighted presentation).

Actuarial assumptions

	Discount rate		Pension increase rate		Mortality table
	2023	2024	2023	2024	
Group	4.49%	5.02%	2.66%	2.55%	–
North America	4.96%	5.41%	-	-	USA: PRI-2012; Canada: CPM 2014
United Kingdom	4.55%	5.45%	2.76%	2.65%	Different tables based on “S3” series
Germany	3.50%	3.50%	2.40%	2.20%	Heubeck 2018 G

The mortality tables in the United Kingdom, the USA, and Canada have been modified to consider future improvements in life expectancy and in many cases are additionally adjusted based on company-specific experience. With regard to the overfunded pension plans for which an asset ceiling has not been applied, Heidelberg Materials has the unconditional entitlement to the pension plan surplus if the plan is wound up.

Development of defined benefit plans

In the 2024 financial year, defined benefit obligations amounting to €2,470.1 million (previous year: 2,935.3) existed in the Group, which were essentially covered by plan assets. In addition, there were obligations from direct agreements of €673.9 million (previous year: 699.8). Of this figure, €180.5 million (previous year: 182.9) related to obligations for health care costs of pensioners.

The following table shows the financing status of these plans and their presentation in the balance sheet.

Development of defined benefit plans

	Defined benefit obligation (DBO) (a)		Fair value of plan assets (b)		Effects of asset ceiling (c)		Net defined benefit liability (a – b + c)	
€m	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**
Balance at 1 January	**3,589.2**	**3,635.1**	**3,560.0**	**3,550.2**	**2.8**		**32.0**	**84.9**
Current service cost	22.9	23.1					22.9	23.1
Past service cost	1.0	–4.2					1.0	–4.2
Plan settlements	1.5	–12.4					1.5	–12.4
Interest cost	166.6	154.3			0.1		166.7	154.3
Interest income			168.7	156.9			–168.7	–156.9
Administrative expenses paid by the plan			–8.9	–7.5			8.9	7.5
Defined benefit costs recognised in profit and loss	**192.0**	**160.8**	**159.8**	**149.4**	**0.1**		**32.3**	**11.4**
Remeasurements recognised in other comprehensive income	**160.2**	**–169.2**	**25.4**	**–199.3**	**–3.0**		**131.8**	**30.1**
Employer contributions			25.7	3.5			–25.7	–3.5
Employee contributions	1.0	1.1	1.0	1.1				
Benefits paid by the company	–63.7	–65.3					–63.7	–65.3
Benefits paid by the fund	–244.2	–543.0	–244.2	–543.0				
Cash flows in the period	**–306.9**	**–607.2**	**–217.5**	**–538.4**			**–89.4**	**–68.8**
Change in consolidation scope	–0.2	0.3	–0.4	0.1			0.2	0.2
Disposal groups	–1.3	–1.5					–1.3	–1.5
Exchange rate changes	2.1	125.7	22.9	147.0	0.1		–20.7	–21.3
Other reconciling items	**0.6**	**124.5**	**22.5**	**147.1**	**0.1**		**–21.8**	**–22.6**
Balance at 31 December	**3,635.1**	**3,144.0**	**3,550.2**	**3,109.0**			**84.9**	**35.0**
North America	1,007.4	647.4	823.2	500.8			184.2	146.6
United Kingdom	1,819.2	1,705.2	2,475.1	2,344.0			–655.9	–638.8
Germany	411.7	399.0	102.8	110.2			308.9	288.8
Other countries	396.8	392.4	149.1	154.0			247.7	238.4
Total	**3,635.1**	**3,144.0**	**3,550.2**	**3,109.0**			**84.9**	**35.0**
Thereof non-current provisions							666.6	633.0
Thereof current provisions							97.3	61.3
Thereof other long-term operating receivables (overfunding of pension schemes)							–679.0	–659.3

Breakdown of defined benefit obligation

The following tables show the defined benefit obligation divided into the underlying plan types and the different member groups.

Defined benefit obligation by plan type

€m	2023	**2024**
Defined benefit pension plans	3,452.2	2,963.5
Plans for health care costs	182.9	180.5
Total defined benefit obligation	**3,635.1**	**3,144.0**
Thereof related to wholly or partly funded plans	2,935.3	2,470.1
Thereof related to wholly unfunded plans	699.8	673.9

Defined benefit obligation by member groups

€m	2023	**2024**
Active members	491.6	460.1
Deferred vested members	739.8	655.2
Pensioners	2,403.7	2,028.7
Total defined benefit obligation	**3,635.1**	**3,144.0**

Development in the income statement

Of the total pension expenses of €11.4 million (previous year: 32.3), €14.0 million (previous year: 34.3) are shown in the personnel costs or in other operating expenses, and income of €2.6 million (previous year: 2.0) in other financial result.

In 2024, non-recurring special events resulted in a total gain of €16.6 million, which was recognised in the income statement. Among other things, Heidelberg Materials took out a group insurance contract in the USA for a cohort of beneficiaries. As a result, the corresponding liability for these plan participants has been cancelled. This measure resulted in income from compensation payments of €12.9 million. In addition, a restructuring in France resulted in income from settlements of €4.6 million. All other special events that took place in 2024 had only a limited impact on the financial position.

Remeasurements recognised in other comprehensive income

In the 2024 financial year, the actuarial gains from the defined benefit obligation amounting to €169.2 million (previous year: losses of 160.2) have arisen mainly from the reduction in the discount rate on which the actuarial calculation is based.

The actuarial gains and losses can be broken down into effects from the adjustment of financial assumptions resulting in a gain of €167.5 million (previous year: loss of 117.9), effects from experience adjustments resulting in a loss of €8.8 million (previous year: 60.0), and effects from changes in demographic assumptions resulting in a gain of €10.5 million (previous year: 17.7), essentially attributable to the adjustment of assumptions relating to a reduction in future life expectancy in the United Kingdom.

Sensitivity analysis of defined benefit obligation (pension plans)

Changes in the discount rate, pension increase rate, and life expectancy affect the income statement of the following year and the defined benefit obligation of pension plans. The sensitivities to changes in assumptions as shown below are determined by changing one assumption as indicated and keeping all other assumptions constant. In reality, multiple assumptions may change at the same time, and changing one parameter may lead to a change in another parameter.

Sensitivity analysis of defined benefit obligation (pension plans)

€m		2023	2024
Defined benefit obligation		3,452.2	2,963.5
Discount rate	+0.5%	3,282.0	2,823.8
	−0.5%	3,639.7	3,118.5
Pension increase rate	+0.25%	3,508.3	3,014.1
	−0.25%	3,395.0	2,916.0
Life expectancy	+1 year	3,573.3	3,072.5
	−1 year	3,329.1	2,854.1

Breakdown of plan assets

The plan assets originate primarily from the USA with 16% (previous year: 23% including Canada) and the United Kingdom with 75% (previous year: 70%). The plan assets can be divided into the following categories:

Breakdown of plan assets

€m	2023	2024
Cash and cash equivalents	121.5	242.6
Equity instruments	435.0	418.3
Derivatives	12.1	9.5
Nominal government bonds	947.0	724.7
Nominal corporate bonds	550.2	417.4
Index linked bonds	1,064.1	1,019.3
Real estate	122.2	30.3
Insurance policies	82.2	72.9
Other	215.9	174.0
Total	**3,550.2**	**3,109.0**

The actual return on plan assets amounted to −€42.4 million (previous year: 194.1).

The majority of the Group's plan assets are based directly on quoted market prices for the invested assets or, in the case where investment funds are used, indirectly based on the quoted value of the underlying investments. Exceptions are that in the United Kingdom, a portion of the assets needs to be estimated as at the year end, as detailed asset information is not available or cannot be provided in time for the adoption of the consolidated financial statements by the Managing Board. The assets without a quoted market price (totalling €62.4 million) consist of insurance policies primarily in the United Kingdom. As a rule, the plan assets do not include any significant own financial instruments, real estate occupied by, or other assets used by Heidelberg Materials.

Cash flows

Heidelberg Materials paid €65.3 million (previous year: 63.7) directly to the pension recipients and €3.5 million (previous year: 25.7) as employer contributions to the plan assets. In 2025, Heidelberg Materials expects to make pension payouts of €55.3 million and employer contributions to the plan assets of −€13.2 million. The expected negative overall employer contribution arises because the largest pension plan in the United Kingdom uses part of the surplus from its defined benefit subplan to fund the contributions to its defined contribution subplan. This cross-subsidy is expected to amount to €23.0 million in 2025 and was recognised as a negative employer contribution. The cross-subsidy in 2024 amounted to €21.8 million.

Over the next ten years, average annual benefits of €262.7 million are expected to be paid to the pension recipients either in the form of direct payouts or in the form of payouts from the plan assets. The average duration of the obligations is 10.2 years (previous year: 10.6).

Multi-employer pension plans

Heidelberg Materials participates in multi-employer pension plans (MEPPs), predominantly in North America, which award some unionised employees fixed benefits after their retirement. These MEPPs are accounted for as defined contribution plans because it is not possible to isolate the individual company components for these plans. The contributions are determined on the basis of collective bargaining. Contributions of €12.4 million (previous year: 13.2) were paid in 2024. The funding status of these pension plans could be affected by adverse developments in the capital markets, demographic changes, or increases in pension benefits. If one of the participating companies no longer pays contributions into the MEPP, all other parties concerned will be held liable for the obligations that have not been covered. For 2025, contributions of €7.5 million are expected in North America. The withdrawal liability of these plans as at 31 December 2024 would amount to €64.6 million (previous year: 63.9), should Heidelberg Materials decide to withdraw. Heidelberg Materials has provisions of €13.1 million (previous year: 12.7) for these liabilities, which are shown under miscellaneous other provisions.

9.13 Other provisions

The following table explains the development of other provisions.

Other provisions

€m	Provisions for damages and environmental obligations	Other environmental provisions	Miscellaneous other provisions	Total
1 January 2024	**447.8**	**735.6**	**500.6**	**1,684.0**
Change in consolidation scope		15.0	1.0	16.1
Currency translation	27.1	27.7	7.2	62.0
Reclassification		1.0	-5.0	-4.0
Utilisation	-28.3	-40.0	-92.4	-160.7
Release	-94.2	-59.2	-50.7	-204.1
Offset	-12.2	-0.8	-0.8	-13.8
Addition	74.2	81.5	257.7	413.4
31 December 2024	**414.3**	**760.9**	**617.7**	**1,792.9**

The offset line includes the offsetting of obligations against the corresponding claims for reimbursement and the offsetting of obligations in kind against other assets, particularly from emission rights.

The maturities of the other provisions can be broken down as follows:

Maturities of other provisions

€m	Provisions for damages and environmental obligations	Other environmental provisions	Miscellaneous other provisions	Total
Maturity ≤1 year	54.0	52.6	180.8	287.4
Maturity >1 year ≤5 years	222.5	451.4	387.7	1,061.6
Maturity >5 years	137.8	256.9	49.2	443.9
	414.3	**760.9**	**617.7**	**1,792.9**

Provisions for damages and environmental obligations

Provisions for damages and environmental obligations result from discontinued operations that were transferred to the Heidelberg Materials Group as part of the takeover of the Hanson Group in 2007. The obligations are therefore not linked to the continuing operations of the Heidelberg Materials Group.

The provisions for damages concern legal proceedings before US courts. The claims relate to health problems allegedly caused by the sale of products containing asbestos. The provisions to be formed are measured at the present value of the expected expenses using reliable estimates of the development of costs for the next 15 years. The environmental liability claims pertain to remediation obligations in connection with the sale of chemical products and environmental pollution by former Hanson participations.

The provisions are offset by claims for reimbursement against environmental and third-party liability insurers. As at 31 December 2024, the claims amounted to €52.6 million (previous year: 53.2), of which €39.9 million (previous year: 42.5) is recorded under other non-current receivables and assets and €12.7 million (previous year: 10.6) under other current receivables and assets.

Other environmental provisions

The other environmental provisions include recultivation, environmental, and asset retirement obligations.

Recultivation obligations relate to legal and constructive obligations to backfill and restore raw material quarrying sites. The provisions recognised for these obligations are measured in accordance with the extraction progress on the basis of the best cost estimate for fulfilling the obligation. As at the reporting date, these provisions amounted to €504.4 million (previous year: 500.6).

Provisions for environmental obligations are recognised on the basis of contractual or official regulations and essentially include expenses connected with the cleaning up of contaminated areas and the remediation of extraction damages. The provisions are measured at the present value of the expected expenses. These provisions amount to a total of €87.0 million (previous year: 84.6).

The provisions for asset retirement obligations pertain to obligations arising in connection with the removal of installations (e.g. conveying systems at rented locations), so that a location can be restored to its contractually agreed or legally defined state after the end of its useful life. As at the reporting date, provisions for asset retirement obligations of €169.5 million (previous year: 150.4) had been recognised.

Miscellaneous other provisions

Miscellaneous other provisions exist in particular for restructuring obligations, other litigation risks, compensation obligations, the obligation to return emission rights, and obligations to personnel.

The provisions for restructuring obligations concern expenditure on various optimisation programmes, such as the closure of locations. Provisions of €106.5 million (previous year: 38.1) had been recognised for this purpose as at the reporting date.

Because of pending legal action against the Group, provisions for litigation risks, including those relating to pending antitrust proceedings, amounting to €122.8 million (previous year: 107.1) were recognised in the balance sheet. These obligations are assessed as most likely, provided that other estimates do not lead to a fairer evaluation as a result of specific probability distributions.

Provisions for compensation obligations relate to the Group's obligations arising from occupational accidents. As at the reporting date, provisions of €70.2 million (previous year: 54.8) had been formed for this purpose.

As at the reporting date, provisions for emission rights of €6.7 million (previous year: 1.2) had been recognised.

Obligations to personnel include the provision for the long-term bonus plan (management and capital market component) of €83.2 million (previous year: 60.4), as well as provisions for multi-employer pension plans amounting to €13.1 million (previous year: 12.7).

Additionally, there are provisions for a variety of minor issues.

Impact of interest effects

Provisions are measured at their present value, which is determined using a pre-tax interest rate. For this purpose, Heidelberg Materials uses the risk-free interest rate of government bonds from the respective countries, taking into account the relevant term. The risks specific to the liability are taken into account in the estimate of future cash outflows.

Changes in the interest rate led to a decrease of €34.9 million in other environmental provisions and miscellaneous other provisions. Compounding effects of €18.9 million led to an increase in other environmental provisions and miscellaneous other provisions. Positive effects from the change in interest rate of €14.1 million and negative compounding effects of €15.9 million for provisions for damages and environmental obligations are included in the expenses from discontinued operations.

9.14 Liabilities

Bonds payable

The following table shows the issued bonds payable.

Bonds payable

Issuer (€m)	Nominal volume	Carrying amount 31 Dec. 2023	Carrying amount 31 Dec. 2024	Coupon rate in %	Offering date	Maturity date	ISIN
Heidelberg Materials AG	750.0	759.1		2.250	2016-06-03	2024-06-03	XS1425274484
HM Finance Luxembourg S.A.	650.0	652.9		2.500	2020-04-09	2024-10-09	XS2154336338
Heidelberg Materials AG	1,000.0	1,011.0	1,013.2	1.500	2016-12-07	2025-02-07	XS1529515584
HM Finance Luxembourg S.A.	1,000.0	1,010.3	1,011.0	1.625	2017-04-04	2026-04-07	XS1589806907
HM Finance Luxembourg S.A.	500.0	501.6	502.3	1.500	2017-06-14	2027-06-14	XS1629387462
HM Finance Luxembourg S.A.	750.0	678.8	701.2	1.125	2019-07-01	2027-12-01	XS2018637327
HM Finance Luxembourg S.A.	750.0	754.2	755.3	1.750	2018-04-24	2028-04-24	XS1810653540
Heidelberg Materials AG	750.0	755.4	498.9	3.750	2023-01-20	2032-05-31	XS2577874782
HM Finance Luxembourg S.A.	750.0	738.2	756.8	4.875	2023-11-21	2033-11-21	XS2721465271
Heidelberg Materials AG	700.0		739.8	3.950	2024-06-19	2034-07-19	XS2842061421
Heidelberg Materials AG	500.0		699.0	3.375	2024-09-24	2031-10-17	XS2904554990
		6,861.5	**6,677.6**				

Bank loans

The following table shows the composition of bank loans.

Bank loans

Issuer (€m)	Carrying amount 31 Dec. 2023	Carrying amount 31 Dec. 2024	Coupon rate in %	Offering date	Maturity date
KfW-promoted loan – Heidelberg Materials AG	55.0	44.2	1.000	2019-08-08	2029-03-31
EIB-promoted loan – Heidelberg Materials AG		100.1	2.965	2024-12-04	2030-12-04
Others – Other Group companies	235.3	230.4			
Total	**290.3**	**374.7**			

Other financial liabilities and operating liabilities

The following table shows the composition of other financial liabilities and operating liabilities, broken down into financial and non-financial.

Other financial liabilities and operating liabilities

	31 December 2023		31 December 2024	
€m	Non-current	Current	Non-current	Current
Lease liabilities	893.5	195.0	916.0	227.6
Non-controlling interests with put options		79.3		87.7
Derivative financial instruments	85.2	109.7	71.3	80.3
Miscellaneous other financial liabilities	44.2	60.7	55.4	67.1
Miscellaneous other operating liabilities	51.4	649.6	88.0	775.0
Other liabilities that qualify as financial instruments	**1,074.3**	**1,094.3**	**1,130.7**	**1,237.7**
Employee liabilities		473.0		465.9
Contract liabilities	1.0	108.2	1.4	95.8
Prepaid expenses and other non-financial liabilities	17.9	200.1	14.7	197.5
Other liabilities that do not qualify as financial instruments	**18.9**	**781.3**	**16.1**	**759.2**

The contract liabilities relate to prepayments received by customers for performance obligations not yet fulfilled as at the reporting date. Current contract liabilities of €108.2 million as at 31 December 2023 were fully recognised in revenue in the 2024 financial year.

Explanations on the derivative financial instruments are provided in Note 10.2.

Trade payables

In some countries, Heidelberg Materials participates in supplier finance arrangements under which participating suppliers receive payment from banks for invoice amounts owed by the Group before the due date of the invoice concerned. As Heidelberg Materials is not legally released from its obligation and its liabilities are not materially changed by entering into these arrangements, the liabilities continue to be reported under trade payables.

The following table contains information about the trade payables that are subject to supplier finance arrangements.

Liabilities from supplier finance arrangements

	Carrying amount			Range of payment terms	
	Liabilities from supplier finance arrangements		Thereof liabilities for which the suppliers have already received payments from the banks	Liabilities from supplier finance arrangements	Comparable trade payables
Group areas	€m			in days	
	2023	2024	2024	2024	2024
Asia-Pacific	216.0	221.2	210.3	21 to 180	0 to 180
Europe	97.4	90.5	71.6	5 to 150	0 to 150
North America	21.9	40.9	32.0	7 to 90	0 to 120
Africa-Mediterranean-Western Asia	7.1	13.1	12.1	14 to 120	0 to 120
	342.4	**365.7**	**326.0**		

Payments to banks under the supplier finance arrangements are included in the changes in operating liabilities in cash flow from operating activities in the statement of cash flows. There were no non-cash changes in the carrying amount of the liabilities subject to the supplier finance arrangements in the financial year.

The aggregation of liabilities with individual payment service providers has not resulted in an increased liquidity risk.

10 Additional disclosures on financial instruments

10.1 Financial instruments by class

The following table assigns the individual balance sheet items for the financial instruments to classes and measurement categories of IFRS 9. In addition, the aggregate carrying amounts for each measurement category and the fair values for each class are depicted.

Carrying amounts and fair values of financial instruments

€m	Category of IFRS 9[1]	31 December 2023 Carrying amount	31 December 2023 Fair value	31 December 2024 Carrying amount	31 December 2024 Fair value
Assets					
Financial investments	FVTPL	47.6	47.6	38.4	38.4
Loans and other interest-bearing receivables	AC	340.9	349.8	217.8	214.1
Trade receivables and other receivables	AC	1,850.3	1,850.3	2,035.6	2,035.6
Trade receivables and other receivables	FVTPL	379.6	379.6	323.1	323.1
Cash and cash equivalents	AC	3,188.9	3,188.9	3,144.7	3,144.7
Cash and cash equivalents	FVTPL	77.6	77.6	75.5	75.5
Derivatives – hedge accounting	Hedge	9.1	9.1	7.5	7.5
Derivatives – held for trading	FVTPL	37.7	37.7	36.7	36.7
Liabilities					
Bonds payable, bank loans, and miscellaneous other financial liabilities	AC	7,256.7	7,275.6	7,174.8	7,313.7
Trade payables and miscellaneous operating liabilities	AC	3,857.5	3,857.5	4,151.7	4,151.7
Derivatives – hedge accounting	Hedge	120.2	120.2	97.9	97.9
Derivatives – held for trading	FVTPL	74.7	74.7	53.6	53.6
Non-controlling interests with put options	AC	79.3	79.3	87.7	87.7

1) AC: Amortised cost, FVTPL: Fair value through profit or loss, Hedge: Hedge accounting

Fair value disclosures

For level 1, the fair value is determined using prices quoted on an active market (unadjusted) for identical assets or liabilities to which Heidelberg Materials has access on the reporting date. For level 2, the fair value is determined using a discounted cash flow model on the basis of input data that does not involve quoted prices classified in level 1, and which is directly or indirectly observable. The fair values of level 3 are calculated using measurement models that include factors that cannot be observed on the active market.

The following table shows the fair value hierarchies for the assets and liabilities that are measured at fair value in the balance sheet. Here, the fair value always corresponds to the carrying amount.

Fair value hierarchy of financial assets and liabilities measured at fair value in the balance sheet

€m	31 December 2023 Level 1	31 December 2023 Level 2	31 December 2023 Level 3	31 December 2024 Level 1	31 December 2024 Level 2	31 December 2024 Level 3
Assets						
Financial investments	25.5		22.1	15.3		23.1
Trade receivables and other receivables		379.6			323.1	
Cash and cash equivalents	77.6			75.5		
Derivatives – hedge accounting		0.6	8.6		0.8	6.7
Derivatives – held for trading		37.6			36.7	
Liabilities						
Derivatives – hedge accounting		74.3	45.9		59.2	38.7
Derivatives – held for trading		74.8			53.6	

For financial investments in level 1, the fair value is determined using the published price quotations as at the reporting date.

The financial investments in level 3 include participations on which Heidelberg Materials has no significant influence. The increase of €1.0 million in the financial year was mainly due to additions amounting to €1.0 million. The fair value measurement is mainly carried out using the multiplier method, which determines the proportionate enterprise value based on company-specific variables using EBITDA or revenue multipliers. The revaluation through profit or loss is reported in the result from other participations. Uncertainties relating to the determination of the fair value of these investments mainly result from the change in the multipliers used, as no quoted price on an active market exists. If the multipliers used were increased or decreased by 10.0 percentage points, the fair value of these investments would increase or decrease by €1.7 million.

The receivables are receivables that are intended for sale in the scope of factoring transactions. The fair values were primarily determined using the prices of recent transactions.

Cash and cash equivalents include highly liquid money market funds whose fair value was determined by multiplying the shares by the price quotation as at the reporting date.

Derivative financial instruments in level 2, both those designated as hedges and those held for trading, are measured using recognised actuarial models based on observable input parameters. The derivative financial instruments designated as hedges in level 3 are embedded derivatives from long-term power purchase agreements (PPAs) for solar and wind power plants in Poland and Italy. The fair values are determined by discounting the expected future cash flows, which are largely determined by future electricity market prices. Any changes to the market situation could have a positive or negative impact on this figure. If the electricity prices used were increased or decreased by 10.0 percentage points, the fair value would increase or decrease by €6.5 million (previous year: 7.1).

The following table shows the fair value hierarchies for the assets and liabilities that are not measured at fair value in the balance sheet, but whose fair value is reported.

Fair value hierarchy of financial assets and liabilities not measured at fair value in the balance sheet

	31 December 2023			**31 December 2024**		
€m	Level 1	Level 2	Level 3	**Level 1**	**Level 2**	**Level 3**
Assets						
Loans and other interest-bearing receivables		349.8			214.1	
Trade receivables and other operating receivables – amortised cost		1,850.3			2,035.6	
Cash and cash equivalents – amortised cost	3,188.9			3,144.7		
Liabilities						
Bonds payable, bank loans, and miscellaneous other financial liabilities	6,810.1	465.5		6,734.8	578.9	
Trade payables and miscellaneous operating liabilities		3,857.5			4,151.7	
Non-controlling interests with put options			79.3			87.7

The fair values of the non-current loans, other non-current operating receivables, bank loans, and other non-current financial and operating liabilities correspond to the present values of the future payments, taking into account the current interest parameters.

The fair values of the listed bonds correspond to the nominal values multiplied by the price quotations as at the reporting date. For the financial instruments with short-term maturities, the carrying amounts on the reporting date represent appropriate estimates of the fair values.

Non-controlling interests with put options in level 3 are liabilities that relate to put options resulting from tender rights of non-controlling interests. The calculation of the fair value is based on the respective contractual agreements for paying off the non-controlling interests in the event of a tender. These usually provide an approximation of the proportionate enterprise value based on company-specific variables and multipliers. If the tender is only possible at a later point in time, the payoff amount is discounted using an appropriate market interest rate. For the German partnerships, the fair value is calculated using a discounted cash flow model. In this respect, the cash flows based on the companies' underlying plans were discounted with a risk-adjusted discount rate (WACC).

The assessment as to whether financial assets and liabilities that are accounted for at fair value are to be transferred between the levels of the fair value hierarchy takes place at the end of each reporting period. No reclassifications were carried out in the reporting period.

The following table shows the net gains or losses from the financial instruments by measurement category.

Net gains or losses

€m	Measurement category	2023	**2024**
Financial assets	FVTPL	-48.1	-47.5
Financial assets	AC	-125.4	-174.5
Derivatives – held for trading	FVTPL	112.8	190.8
Financial liabilities	AC	-19.0	-9.0
		-79.7	**-40.2**

The net result of financial assets measured at fair value through profit or loss (FVTPL) is essentially derived from the measurement affecting profit or loss and the expenses from the continuing involvement. The net result of financial assets measured at amortised cost (AC) is made up of impairment losses of €10.7 million (previous year: 19.4), losses of €1.6 million (previous year: 4.7) from the derecognition of operating and interest-bearing receivables, and currency losses of €162.2 million (previous year: 101.3). The net result of derivative financial instruments held for trading comprises currency and interest effects. For financial liabilities at amortised cost (AC), the net result primarily includes effects from currency translation.

The following table shows the total interest income and expenses for the financial instruments. All interest results from financial receivables and financial liabilities measured at amortised cost.

Total interest income and expense

€m	2023	**2024**
Total interest income	74.7	100.2
Total interest expense	-155.6	-213.9
	-80.9	**-113.7**

Offsetting of financial instruments

The following table shows the gross and net amounts of financial instruments that have been netted on the balance sheet or that are the subject of a legally enforceable global netting agreement.

Offsetting of financial instruments

	Offsetting amounts in balance sheet			Potential offsetting amounts	
€m	Gross amounts	Gross amounts set off in balance sheet	Net amounts presented in balance sheet	Amounts subject to global netting agreements	Net amounts
31 December 2024					
Financial assets					
Current interest-bearing receivables	480.0	-360.9	119.1		119.1
Derivative financial instruments (assets)	44.2		44.2	-29.0	15.2
Financial liabilities					
Other current operating liabilities	1,895.1	-360.9	1,534.2		1,534.2
Derivative financial instruments (liabilities)[1]	151.6		151.6	-29.0	122.6
31 December 2023					
Financial assets					
Current interest-bearing receivables	486.0	-342.1	143.9		143.9
Derivative financial instruments (assets)	46.8		46.8	-31.5	15.3
Financial liabilities					
Other current operating liabilities	1,773.0	-342.1	1,430.9		1,430.9
Derivative financial instruments (liabilities)[1]	194.9		194.9	-31.5	163.4

1) Derivative financial instruments (liabilities) are included in the balance sheet items "Other non-current financial liabilities" and "Other current financial liabilities".

Receivables and liabilities were netted in connection with factoring transactions. The presentation in the balance sheet is shown on a net basis. The derivatives contracted by Heidelberg Materials are partly subject to legally enforceable netting agreements (ISDA Agreement or German Master Agreement for Financial Derivatives Transactions), which, however, do not permit netting of receivables and liabilities in the balance sheet in accordance with IAS 32.42. The right to offset only exists in the case of delayed payment or if a contracting party becomes insolvent. The presentation in the balance sheet is therefore shown on a gross basis.

10.2 Derivative financial instruments and hedging relationships

The following table shows the nominal values and fair values of the derivative financial instruments.

Derivative financial instruments

	31 December 2023		**31 December 2024**	
€m	Nominal value	Fair value	**Nominal value**	**Fair value**
Assets				
Cash flow hedges				
Currency forwards	23.4	0.3	15.8	0.3
Commodity derivatives[1]	21.5	8.8	53.7	7.2
Derivatives held for trading				
Currency forwards[2]	18.3	0.7	2.8	0.0
Foreign exchange swaps	3,557.6	32.4	3,808.0	36.7
Cross-currency interest rate swaps	776.9	2.3		
Interest rate caps	78.5	2.3		
	4,476.1	**46.8**	**3,880.3**	**44.2**
Liabilities				
Cash flow hedges				
Currency forwards	4.8	0.1	13.0	0.9
Commodity derivatives[1]	163.1	50.7	121.8	50.3
Fair value hedges				
Interest rate swaps	750.0	69.4	750.0	46.8
Derivatives held for trading				
Currency forwards[2]	6.0	0.0	101.8	0.8
Foreign exchange swaps	5,165.2	73.8	3,489.6	30.3
Cross-currency interest rate swaps		0.9	788.6	22.5
	6,089.1	**194.9**	**5,264.8**	**151.6**

1) The commodity derivatives with positive market values relate to a delivery volume of 0.7 (previous year: 0.4) million MWh of electricity, 0.008 (previous year: 0.005) million tonnes of fuels and 0.137 million BTU of gas. The commodity derivatives with negative market values relate to a delivery volume of 1.3 (previous year: 1.7) million MWh of electricity and 0.013 (previous year: 0.018) million tonnes of fuels.
2) Fair values specified with €0.0 million amount to less than €50,000.

At Heidelberg Materials, derivative financial instruments are generally used for economic hedging purposes arising from operational business or refinancing activities. In order to correct the accounting mismatch between the hedging instrument and the hedged item, hedges are designated in individual cases (hedge accounting).

Cash flow hedges

Our Group trading companies hedge significant purchase and sale contracts in foreign currencies through currency forwards and cash holdings in foreign currencies. The term of the contracts is up to two years. The features of the hedging instruments match those of the hedged items. The hedge ratio is 100%.

The two fixed-interest bonds issued in the 2023 financial year, each with a nominal volume of €750.0 million, were hedged by rolling forward starting payer interest rate swaps. Heidelberg Materials recognises the effective portion of the gains realised from the cancelled interest rate swaps directly in equity in the cash flow hedge reserve, which is reclassified to the income statement over the term of the bonds. Due to timing differences in the hedged item and the hedge, an ineffectiveness of €5.6 million was recognised as income in the income statement in the 2023 financial year. The weighted average hedge rate of the interest rate swaps was 1.4%. The hedge ratio was 67%.

As an energy-intensive company, Heidelberg Materials is exposed to energy price risks in its fuel and electricity procurement activities. In Northern Europe, some of the future electricity and fuel deliveries are hedged using electricity and fuel forward contracts with terms of up to four years. In the electricity price hedges, 49% (previous year: 22%) of the short-term and 21% (previous year: 28%) of the long-term planned electricity purchases are hedged. The hedge ratio for the short-term fuel hedges is 60% (previous year: 65%), whereas the ratio for the long-term fuel hedges is 7%.

In Poland and Italy, electricity prices are secured via three long-term power purchase agreements (PPAs) until 2032. In one of the Polish PPAs, the contractually agreed fixed price scale was modified in the 2023 financial year. This resulted in an ineffectiveness in the cash flow hedge of –€3.4 million (previous year: –5.1), which was recognised in profit or loss in other operating expenses. In the case of the other cash flow hedges, the main contract features of the hedging instruments correspond in principle to the features of the hedged items and do not lead to any significant ineffectiveness. The hedge ratio is 23% in Poland (previous year: 26%) and 8% in Italy (previous year: 8%).

The hedging instruments and hedged items designated as hedges have the following impact on the balance sheet and income statement.

Cash flow hedges by risk category

			2023		2024
€m	Currency risk	Interest risk	Energy price risk	**Currency risk**	**Energy price risk**
Hedging instruments					
Balance sheet items and carrying amounts					
Derivative financial instruments (assets)	0.2		6.1		4.7
Current derivative financial instruments (assets)	0.1		2.7	0.3	2.5
Cash and cash equivalents (assets)	5.0				
Other non-current financial liabilities			–41.2	–0.2	–37.4
Other current financial liabilities	–0.1		–9.5	–0.7	–12.9
Change in fair value to measure the ineffectiveness in the reporting period	–1.1	30.9	40.2	–0.3	–9.2
Hedged items					
Change to measure the ineffectiveness	–1.1	25.3	35.1	0.3	5.8
Cash flow hedge reserve	–0.4	–102.2	33.6	–0.3	–31.2
Profit or loss item and value of ineffectiveness					
Other operating expenses			–5.1		–3.4
Other financial result		5.6			

The reconciliation of the cash flow hedge reserve including the non-controlling interests is shown in the following table.

Reconciliation of cash flow hedge reserve

€m	Risk	2023	2024
Balance as at 1 January		**110.8**	**54.2**
Changes in fair values	Currency risk	1.1	-0.3
Changes in fair values	Interest risk	-25.3	
Changes in fair values	Energy price risk	-35.1	-5.8
Gains or losses recognised in other comprehensive income		**-59.4**	**-6.1**
Reclassification to profit or loss (material costs)	Currency risk	-0.2	-0.3
Reclassification to profit or loss (interest expenses)	Interest risk	-14.1	-11.6
Reclassification to profit or loss (material costs)	Energy price risk	3.4	8.3
Reclassification to cost of finished goods and goods for resale	Currency risk	-0.8	-0.1
Income taxes		15.6	-1.9
Gains/losses arising from equity accounted investments		-1.2	-0.1
Balance as at 31 December		**54.2**	**42.3**

Fair value hedges

The interest rate swaps open at the reporting date hedge the interest rate risk of the fixed interest-bearing Eurobond with a nominal volume of €750.0 million that matures in 2027. The weighted average hedge rate of the outstanding interest rate swaps is the 6-month EURIBOR plus a margin of 1.06%. The interest rate swaps have similar terms to the hedged items as regards the benchmark interest rate, payment dates, terms, and notional amount. The changes in the value of the hedged items arising from the change in the EURIBOR are offset to the greatest extent possible by the change in the value of the swaps. The hedge ratio is 100%.

The hedging instruments and hedged items designated as fair value hedges have the following impact on the balance sheet and income statement.

Fair value hedge – hedging interest risk

€m	2023	2024
Hedging instrument		
Balance sheet items and carrying amount		
Other non-current financial liabilities	-43.1	-29.3
Other current financial liabilities	-26.4	-17.5
Change in fair value to measure the ineffectiveness in the reporting period	36.4	21.8
Hedged item		
Balance sheet items and carrying amount		
Bonds payable (liabilities)	-682.2	-703.6
Thereof cumulated changes in fair value	67.8	46.4
Change in fair value to measure the ineffectiveness in the reporting period	-37.5	-21.4
Profit or loss item and value of ineffectiveness		
Other financial result	1.1	0.4

The ineffectiveness of the fair value hedges results essentially from the influence of the credit risk of the counterparty and the Group on the fair value of the interest rate swaps and on the change in the fair value of the bonds. The accrued interest of €0.9 million (previous year: -0.9) included in the fair value was recognised in profit or loss in the interest result.

The effectiveness of the cash flow hedges and fair value hedges is verified prospectively on the basis of the main contract features at inception and at every reporting date.

10.3 Risks from financial instruments

With regard to its assets, liabilities, firm commitments, and planned transactions, Heidelberg Materials is particularly exposed to risks arising from changes in exchange rates, interest rates, and market and stock market prices. These market price risks might have a negative impact on the assets, financial, and earnings position of the Group. The Group manages these risks primarily as part of its ongoing business and financing activities and, when required, by using derivative financial instruments. The main aspects of the financial policy are determined by the Managing Board and implemented by the Group Treasury department on the basis of existing guidelines.

Credit risk

Heidelberg Materials is exposed to credit risk through its operating activities and certain financial transactions. The term credit risk refers to the risk that a contracting party unexpectedly does not fulfil, or only partially fulfils, the obligations agreed when signing a financial instruments contract. The Group limits its credit risk by essentially only concluding contracts for financial assets and derivative financial instruments with partners that meet our credit rating requirements (investment grade range).

Credit rating

The rating agencies Moody's and Standard & Poor's assess the Group's creditworthiness as Baa2/P-2 (stable outlook) and BBB/A-2 (stable outlook) as at the end of 2024. Any potential downgrading of the ratings awarded by the rating agencies could have a negative impact on the Group's cost of capital and refinancing options.

Cash and cash equivalents

This item essentially comprises cash and cash equivalents. The Group is exposed to losses arising from credit risk in connection with the investment of cash and cash equivalents if contracting parties do not fulfil their obligations. Heidelberg Materials manages the resulting risk position by diversification of contracting parties. Currently, no cash or cash equivalents are overdue or impaired as a result of actual defaults. The maximum credit risk of cash and cash equivalents corresponds to the carrying amount.

Trade receivables and contract assets

Trade receivables result mainly from the sale of cement, concrete, and aggregates. In operating activities, the outstanding debts are monitored on an ongoing basis. The maximum risk position from trade receivables corresponds to the carrying amount. The concentration of risk with regard to trade receivables and contract assets is classified as low because of Heidelberg Materials' global activity and the dispersion across a large number of customers.

To calculate the expected credit losses for trade receivables carried at amortised cost and contract assets, Heidelberg Materials uses the simplified approach of IFRS 9. This provides for a loss allowance at every reporting date in the amount of the expected credit losses over the term.

Initially, receivables are tested for impairment individually. The decision as to when an individual loss allowance is required is made at the individual company level, taking local conditions into account. If there are objective indications that a receivable is not or only partially realisable, an individual loss allowance is recorded, e.g. for customers in financial difficulties or if insolvency proceedings have been opened. Available external and internal information on the financial situation of customers, such as an assessment of creditworthiness or past experience with these customers, is used to assess the need for impairment. The impaired receivables are classified as "credit-impaired."

For receivables whose expected credit losses are not determined individually ("not credit-impaired"), the loss allowance is determined on the basis of the sector-specific default probability and country-specific default probabilities. The calculated default rate is then adjusted by a factor in order to reflect forward-looking macroeconomic information that could have an impact on customers' ability to settle the receivables. The expected real growth of the gross domestic product of the countries in which the customers are domiciled is used for this purpose. In addition, the expected credit loss is determined by taking into account the turnover period of the receivables of the respective individual companies, i.e. the average number of days from invoicing to receipt of payment.

In each country's domestic business, trade receivables may be secured by various types of collateral, such as guarantees, letters of credit, and other types of credit insurance. These securities are considered an integral part of the trade receivables and are taken into account when calculating impairment. The securities received as at 31 December 2024 amount to €329.4 million (previous year: 267.6).

The contract assets relate to performance obligations already fulfilled for which no unconditional right to payment exists as at the reporting date. The contract assets essentially have the same risk characteristics as the trade receivables. The expected default rates for trade receivables in each country are therefore regarded as a reasonable approximation of the default rates for the contract assets and used to calculate the expected credit losses.

Information about the credit risk position and the expected credit losses for the trade receivables accounted for at amortised cost is shown in the following table. The calculated loss allowance in % is derived from the ratio of all loss allowances posted per individual company to the gross carrying amount.

Trade receivables by risk class

€m	Loss allowance in %	Gross carrying amount	Loss allowance	**Total**
31 December 2024				
Not credit-impaired	0.4%	1,710.6	-6.9	1,703.7
Credit-impaired	59.4%	201.9	-119.9	82.0
		1,912.5	**-126.8**	**1,785.8**
31 December 2023				
Not credit-impaired	0.4%	1,560.5	-6.3	1,554.2
Credit-impaired	61.8%	186.9	-115.5	71.4
		1,747.4	**-121.8**	**1,625.6**

The loss allowances on trade receivables have developed as follows:

Loss allowances on trade receivables

€m	2023	2024
Balance at 1 January	**114.5**	**121.8**
Addition	35.7	33.3
Reversal	-14.7	-20.4
Utilisation	-14.1	-13.0
Currency translation and other adjustments	0.4	5.0
Balance at 31 December	**121.8**	**126.8**

Other receivables and financial assets

This item essentially includes non-current receivables, interest-bearing receivables, and other operating receivables. The credit risk position from other receivables and financial assets corresponds to the carrying amount of these instruments. Heidelberg Materials regards this credit risk as insignificant.

Heidelberg Materials already takes into account the default risk when a financial asset is initially recognised by setting up loss allowances for expected credit losses. The general approach in accordance with IFRS 9 is used for the calculation of impairments. At every reporting date, an assessment is made as to whether the credit risk has increased significantly. If the credit risk has not increased significantly since initial recognition, the default probability is calculated on the basis of a 12-month period; otherwise, the total remaining term is used.

In order to assess whether the credit risk has increased significantly, the risk of a default on the financial asset at the reporting date is compared with the default risk at the time of initial recognition. A significant increase in credit risk is assumed if there is information about a deterioration in the debtor's financial situation or if agreed payments have been overdue for more than 30 days. In addition to the local conditions, which vary from country to country, and customers' payment behaviour, this assessment also takes into account credit ratings according to internal assessments of Heidelberg Materials or external rating agencies.

External and internal credit assessments taking into account both quantitative and qualitative information are used to calculate the expected credit losses. The internal classifications are then reconciled with the rating classes of external rating agencies and the resulting default probabilities. The default probability, which is then determined by considering probability-weighted scenarios, is adjusted to take into account the expected real growth of the gross domestic product of the country in which the debtor is domiciled. Both the assets and earnings position of the debtor and securities received are taken into consideration when calculating the risk provision to be set up.

If there are objective indications of impairment, individual loss allowances are made to the corresponding receivables in the amount that is likely to be no longer recoverable, taking into account any securities received. Objective indications are, inter alia, payment arrears of more than 90 days, information about significant financial difficulties of the debtor, non-compliance with a payment plan, or a high probability of insolvency proceedings against the debtor.

Other financial receivables – amortised cost

€m	Loans and other interest-bearing receivables	Other operating receivables	Total
Gross carrying amount as at 31 December 2024	**244.8**	**253.7**	**498.5**
Loss allowances as at 1 January 2024	-34.0	-3.9	-37.9
Changes	1.9	0.1	2.0
Currency translation	0.2	0.1	0.3
Loss allowances as at 31 December 2024	**-31.8**	**-3.8**	**-35.6**
Carrying amount as at 31 December 2024	**213.0**	**249.9**	**462.9**
Gross carrying amount as at 31 December 2023	**374.9**	**228.5**	**603.4**
Loss allowances as at 1 January 2023	-34.4	-4.2	-38.6
Changes	0.2	0.2	0.4
Currency translation	0.2	0.1	0.3
Change in consolidation scope	0.0		0.0
Loss allowances as at 31 December 2023	**-34.0**	**-3.9**	**-37.9**
Carrying amount as at 31 December 2023	**340.9**	**224.6**	**565.5**

The securities available as at the reporting date amount to €114.5 million (previous year: 126.9) and mainly comprise liens and guarantees.

The following table explains the development of the loss allowances for the other financial receivables that are accounted for at amortised cost.

The credit risk position and expected credit losses for the other financial receivables accounted for at amortised cost can be broken down by risk class as follows.

Other financial receivables by risk class

€m	Loss allowance in %	Gross carrying amount	Loss allowance	Total
31 December 2024				
Low risk	0.0%	438.3	–0.2	438.1
Default event	58.9%	60.2	–35.4	24.8
		498.5	**–35.6**	**462.9**
31 December 2023				
Low risk	0.1%	534.0	–0.3	533.7
Default event	54.2%	69.4	–37.6	31.8
		603.4	**–37.9**	**565.5**

There was no allocation to the doubtful risk class as the credit risk for the above receivables has not increased significantly since initial recognition.

The cash and cash equivalents are also subject to the impairment requirements of IFRS 9. The identified impairment loss was immaterial.

Derivative financial instruments

Derivative financial instruments are generally used to reduce risks. In the course of its business activity, Heidelberg Materials is exposed to interest rate, currency, and energy price risks. For accounting purposes, a significant portion of the derivatives are not accounted for as hedges in accordance with IFRS 9, but as instruments in the held-for-trading category. However, from a commercial perspective, the changes in the fair values of these instruments represent an economically effective hedge within the context of the Group strategy. The maximum credit risk of this item corresponds to the fair value of the derivative financial instruments that have a positive fair value and are shown as financial assets at the reporting date. To reduce default risks, care is taken to ensure that, as far as possible, hedging transactions are concluded only with financial institutions with a good credit rating (investment grade). There are currently no past-due derivative financial instruments in the portfolio.

Liquidity risk

The liquidity risk describes the risk of a company not being able to fulfil its financial obligations to a sufficient degree. To manage Heidelberg Materials' liquidity, the Group maintains cash and cash equivalents as well as credit lines with banks, besides the cash inflow from operating activities. The operating liquidity management includes a daily reconciliation of cash and cash equivalents. The Group Treasury department coordinates the Group's financing and liquidity management measures. This allows liquidity surpluses and requirements to be managed in accordance with the needs of the entire Group and of individual Group companies. In addition, factoring programmes are used to optimise working capital.

As at the year end, the Group still has as yet undrawn, confirmed credit lines of €1.9 billion available in order to secure liquidity, in addition to available cash and cash equivalents. Heidelberg Materials AG has an open-ended framework agreement for the issue of short-term bearer bonds (commercial papers) of €2 billion to cover short-term liquidity peaks. Within the context of the programme, individual tranches with different terms will be issued at different times depending on the market situation. As at the end of 2024, none of the commercial papers issued by Heidelberg Materials AG were outstanding.

As the financial contracts of Heidelberg Materials do not contain any clauses that trigger a repayment obligation in the event of the credit rating being downgraded, the maturity structure will remain unaffected even if the credit assessments change. Margin calls that could lead to an outflow of liquidity are not agreed in any of the main financial instruments. All derivative financial instruments are contracted on the basis of existing framework agreements that contain netting agreements for the purpose of reducing credit and liquidity risks.

The maturity overviews below show the future cash flows of financial liabilities and derivative financial instruments. Payments include the undiscounted repayments and interest payments for bonds payable, bank loans, and other financial liabilities. The cash flows of the lease liabilities are presented on a gross basis – i.e. before deducting financing costs. The undiscounted contractually agreed payments for derivative financial instruments as a total for the year did not take into account the inflow of liquidity amounting to €859.7 million (previous year: 945.3) from cross-currency interest rate swaps and €7,463.0 million (previous year: 8,767.4) arising from current foreign exchange transactions and other derivatives. The trade payables are assigned to short-term maturities (maturity within a year). For variable interest payments, the current interest rate is taken as a basis. Payments in foreign currency are translated using the exchange rate at year end.

Cash flows of financial liabilities and derivative financial instruments (reporting year)

€m	Carrying amount 31 Dec. 2024	Cash flows 2025	Cash flows 2026	Cash flows 2027	Cash flows 2028	Cash flows ≥2029
Bonds payable	6,677.6	1,172.9	1,154.5	1,388.3	872.3	3,211.8
Bank loans	374.7	238.1	20.5	20.6	15.8	108.6
Lease liabilities	1,143.6	273.1	212.9	162.6	121.2	755.6
Miscellaneous other financial liabilities	122.5	68.5	30.7	2.1	0.2	22.6
Derivatives with positive fair value						
Cash flow hedges	7.5	26.0	10.1	8.1	6.3	19.4
Derivatives held for trading	36.7	3,801.9				
Derivatives with negative fair value						
Cash flow hedges	51.2	48.1	31.5	14.0	9.7	32.6
Fair value hedges	46.8	28.6	28.7	28.7		
Derivatives held for trading	53.6	3,663.9	74.2	879.9		

Cash flows of financial liabilities and derivative financial instruments (previous year)

€m	Carrying amount 31 Dec. 2023	Cash flows 2024	Cash flows 2025	Cash flows 2026	Cash flows 2027	Cash flows ≥2028
Bonds payable	6,861.5	1,558.1	1,125.0	1,110.0	1,343.8	2,623.2
Bank loans	290.3	174.2	14.2	14.2	12.8	12.8
Lease liabilities	1,088.5	232.3	189.3	143.7	114.1	714.1
Miscellaneous other financial liabilities	104.9	91.9	34.5	8.4	2.1	1.0
Derivatives with positive fair value						
Cash flow hedges	9.1	13.8	9.7	3.0	0.0	0.2
Derivatives held for trading	37.7	3,598.0	76.5	77.7	833.3	
Derivatives with negative fair value						
Cash flow hedges	50.8	16.9	16.5	15.5	1.1	57.1
Fair value hedges	69.4	38.4	38.1	38.2	38.2	
Derivatives held for trading	74.7	5,209.4				

Interest rate risk

Interest rate risks exist as a result of potential changes in the market interest rate and may lead to a change in fair value in the case of fixed interest-bearing financial instruments and to fluctuations in interest payments in the case of variable interest-bearing financial instruments. Interest rate risks are maintained within the parameters set by the Group's Chief Financial Officer. For financial instruments with fixed interest that are measured at amortised cost, interest rate risks have no impact on result and equity.

If the market interest rate level across all currencies had been 100 basis points higher or lower on 31 December 2024, the net interest cost of the Heidelberg Materials Group taking into account the variable interest-bearing assets and liabilities would have fallen by €14.4 million (previous year: 8.5) or risen by €14.4 million (previous year: 8.5).

Currency risk

Heidelberg Materials' currency risk results from its investing, financing, and operating activities. Risks from foreign currencies are generally hedged, insofar as they affect the Group's cash flow. Currency forwards and foreign exchange swaps are used in the elimination of existing currency risks.

Through Heidelberg Materials AG's financing and liquidity management measures, the borrowing and investment of liquidity of the subsidiaries lead to currency positions that are generally hedged by external foreign exchange swap transactions, which are appropriate in terms of maturities and amounts. Consequently, currency fluctuations in connection with the financing and liquidity management measures usually have no impact on result or equity. Unhedged items exist only in isolated cases, such as where currencies are not convertible.

The following table shows the hypothetical impact on the financial result assuming a 10% increase or decrease in the value of the foreign currency against the respective functional currency for the five largest foreign currency items, whereby the positive values represent income and the negative values an expense in the income statement.

Sensitivity analysis of currency risk

€m	Increase in the value of the foreign currency by 10%		Decrease in the value of the foreign currency by 10%	
	31 Dec. 2023	31 Dec. 2024	31 Dec. 2023	31 Dec. 2024
USD/CDF	-7.9	-9.8	7.9	9.8
USD/TZS	3.8	-5.0	-3.8	5.0
USD/GHS		1.3		-1.3
USD/IDR		1.0		-1.0
USD/LRD		1.0		-1.0

By contrast, foreign currency risks that do not affect the Group's cash flows (i.e. the risks resulting from the translation of the assets and liabilities of foreign subsidiaries into the Group reporting currency) generally remain unhedged.

11 Other disclosures

11.1 Capital management

The objective of capital management is to ensure sufficient liquidity for the Group at all times. Therefore, the Group makes use of external and internal financing opportunities. The net debt and the leverage ratio, which corresponds to the ratio of net debt to the result from current operations before depreciation and amortisation, are of fundamental importance to the monitoring of the Group's capital.

Leverage ratio

€m	31 Dec. 2023	31 Dec. 2024
Cash, derivative financial instruments and short-term financial investments	3,325.6	3,264.3
Interest-bearing liabilities	8,619.4	8,557.7
Net debt	**5,293.8**	**5,293.4**
Result from current operations before depreciation and amortisation (RCOBD)	4,258.0	4,499.1
Leverage ratio	**1.24**	**1.18**

11.2 Contingent liabilities

As at the reporting date, contingent liabilities amounted to €173.4 million (previous year: 181.9) and essentially concerned risks related to taxes on income. The timing of the possible cash outflows for the contingent liabilities is uncertain because they depend on various external factors that remain outside Heidelberg Materials' control. The application of taxation regulations might not yet be determined at the time that tax refund claims and liabilities are calculated. The calculation of tax items is based on the regulations most likely to be applied in each case. Nevertheless, the fiscal authorities may be of a different opinion, which could give rise to additional tax liabilities.

11.3 Other financial commitments

As at the reporting date, there were contractual obligations for the acquisition of property, plant and equipment amounting to €343.0 million (previous year: 399.2). Future cash outflows of €0.2 million (previous year: 60.6) result from leases that had been entered into as at the reporting date but have not yet commenced.

11.4 Related party disclosures

IAS 24 requires a statement concerning the most important relationships with related companies and persons that may exert a significant influence on Heidelberg Materials AG; the former are accounted for as joint ventures or associates, the latter hold key positions as members of the management.

Pursuant to the last notification of voting rights in accordance with the German Securities Trading Law (Wertpapierhandelsgesetz, WpHG), Ludwig Merckle, Ulm, holds via Spohn Cement Beteiligungen GmbH, Schönefeld, a company under his control, 28.88% of the voting rights in Heidelberg Materials AG. In the 2024 financial year, Heidelberg Materials AG provided services with a net amount of €85,000 (previous year: 210,000) to PHOENIX Pharmahandel GmbH & Co KG, Mannheim, a related company of Ludwig Merckle. No expenses for purchased services were incurred in the financial year (previous year: €2,000 net).

Revenue and other sales with joint ventures in the Heidelberg Materials Group amounted to €131.2 million (previous year: 124.8). Raw materials, goods, and other services with a value of €401.6 million (previous year: 422.7) were procured from these joint ventures. A total of €6.2 million (previous year: 4.7) was generated in financial and other services. Receivables of €62.1 million (previous year: 166.1) and liabilities of €65.3 million (previous year: 51.1) exist in connection with these activities and financial transactions. In addition, capital increases of €3.0 million (previous year: 34.4) were carried out for joint ventures. Repayment of capital from joint ventures to the parent company amounted to €58.2 million (previous year: 0.8). In the 2024 financial year, guarantees of €0.5 million (previous year: 0.5) were outstanding to joint ventures.

Business transactions with associates include revenue and other sales amounting to €90.5 million (previous year: 97.1), the procurement of goods and services amounting to €18.6 million (previous year: 28.9), and services provided amounting to €1.0 million (previous year: 0.9). Receivables of €40.4 million (previous year: 32.9) and liabilities of €13.0 million (previous year: 10.9) exist in connection with these activities and financial transactions. Capital increases and contributions in kind made to associates amounted to €14.4 million (previous year: 17.2). Obligations from capital commitments amounted to €34.1 million (previous year: 27.5). Repayment of capital from associates to the parent company in the 2024 financial year amounted to €0.0 million (previous year: 0.3). Guarantees of €7.5 million (previous year: 7.5) were outstanding to associates in the 2024 financial year.

Receivables of €17.8 million (previous year: 15.2) and liabilities of €26.6 million (previous year: 23.0) existed in connection with transactions with immaterial subsidiaries. Guarantees of €1.7 million (previous year: 1.3) were outstanding to non-consolidated subsidiaries in the 2024 financial year.

Receivables of €12.0 million (previous year: 12.3) and liabilities of €15.2 million (previous year: 7.6) existed in connection with transactions with immaterial associates and joint ventures. For an immaterial associated investment, there is a guarantee of €12.3 million (previous year: 12.3) and a loss assumption guarantee of €0.7 million (previous year: 1.5).

The stated transactions were carried out under conditions that would also apply to third parties.

11.5 Managing Board and Supervisory Board

The fixed remuneration of the Managing Board basically remained at the level of the previous year plus one-off expenses of €1.9 million and thus totalled €9.3 million (previous year: 7.4). The sum of short-term variable remuneration elements amounted to €10.6 million (previous year: 11.3). In 2024, it consisted of the annual bonus in the amount of €10.6 million (previous year: 11.3). The annual bonus is a variable remuneration element, which relates to the financial year. Half of the overall target achievement for the annual bonus is measured by corporate targets (profit for the financial year attributable to the shareholders of Heidelberg Materials AG and CO_2 component) and half by sustainable strategy targets (Health & Safety, Free Cashflow, sustainable revenue and one individual target per managing board member). The achievement of the corporate targets results from the multiplication of the target achievement of the performance criterion profit for the financial year attributable to the shareholders of Heidelberg Materials AG with the multiplier of the CO_2 component. The target achievement of the sustainable strategy targets is calculated as the weighted sum of the target achievements of the four criteria.

Other remuneration elements totalled €2.5 million (previous year: 1.7). In 2024, they consisted of a contribution of private pension benefits (cash allowance) and taxable fringe benefits. These included, in particular, bearing the costs of flights home, tax consultancy, travel hardship allowances, school fees, and company-related relocations, assignment-related benefits, the provision of company cars and driving services, mobile phones and communication tools, the reimbursement of expenses, as well as insurance benefits.

The members of the Managing Board are participating in the 2024 tranche of the long-term bonus plan granted in 2024. The target values for the plan, rounded to the nearest €’000, are €9,571,000.

Since 2024, the long-term bonus is structured as a virtual performance share plan, is based on virtual shares, so-called performance share units (PSUs), and is allocated in annual tranches. It has a four-year term. This is comprised of a three-year performance period and a one-year waiting period. At the end of the performance period, the target achievement for the performance criteria (EBIT, ROIC, relative TSR and ESG target) is determined and the final number of PSUs is calculated. For the payout, the final number of PSUs is multiplied by the then applicable reference price of the Heidelberg Materials share (closing price), adjusted for the reinvested dividend payments and for changes in capital. The allocation price for the long-term bonus plan 2024-2027 amounts to €73.48. This equates to 130,257 performance share units (PSUs) in total.

The plan comprised two equally weighted components up to and including 2023: the management component and the capital market component. The management component, with a term of three years, considers the internal added value as measured by earnings before interest and taxes (EBIT) and return on invested capital (ROIC), and is arranged in the form of a bonus with cash settlement. The capital market component, with a term of four years, considers the external added value as measured by total shareholder return (TSR) – adjusted for the reinvested dividend payments and for changes in capital – compared with the relevant capital market indices, using performance share units (PSUs). The PSUs are virtual shares used for the calculation of the capital market component.

Pursuant to section 314(1)(6a) sentence 4 of the German Commercial Code (HGB), the fair value at the grant date must be indicated for the long-term bonus. For the members of the Managing Board, the amount, rounded to the nearest €‘000, is in total €9,765,000.

The total remuneration pursuant to HGB amounted to €41.0 million (previous year: 35.2).

The retirement agreements of the members of the Managing Board appointed prior to 2019 contain the promise of an annual retirement pension, in the form of either an absolute amount or a percentage of the pensionable income. In 2019, a defined contribution pension commitment was introduced for the newly and reappointed members of the Managing Board. The design and expected pension benefits are based on the customary characteristics of such schemes, and existing contractual obligations are taken into account. In the financial year, allocations to provisions for pensions (service cost) for active members of the Managing Board amounted to €1.7 million (previous year: 2.6). The present values of the defined benefit obligation amounted to €20.5 million (previous year: 26.1).

Expenses relating to the share-based tranches of the last four issued and outstanding long-term bonus plans in accordance with IFRS 2.51a amounted to €19,087,000 for the Members of the Managing Board (previous year: 9,036,000).

In accordance with IAS 24, recognized expenses relating to the capital market components of the long-term bonus plans granted up to and including 2023 for the service as members of the Managing Board amounted to €15.3 million (previous year: 9.0). The expenses recognized relating to the management components of the long-term bonus plans granted up to and including 2023 came to €12.6 million (previous year: 16.7). The expenses for the Managing Board awards for the long-term bonus plan granted for the first time in 2024 amounts to €3.8 million (previous year: 0).

Provisions for capital market components of the long-term bonus plans granted up to and including 2023 amounted to €22.1 million (previous year: 11.1), and for management components they amounted to €16.1 million (previous year: 18.6). Provisions for the long-term bonus plan granted for the first time in 2024 amounted to €3.8 million (previous year: 0).

For the members of the Managing Board appointed as of 2016, 2019 and 2024, the existing contractual entitlements from long-term bonus and pension plans from prior positions within the Heidelberg Materials Group were continued. These entitlements are serviced according to the original plan conditions. The corresponding expenses in the financial year are included in the following table, in addition to the expenses for the service as member of the Managing Board.

Total remuneration of the Managing Board in accordance with IAS 24 came to €55.9 million in 2024 (previous year: 48.8) as represented in the following table.

Total remuneration of the Managing Board in accordance with IAS 24

€m	2023	**2024**
Short-term employee benefits (fixed remuneration, short-term variable remuneration elements, other remuneration elements)	20.5	22.5
Post-employment benefits (allocations to provisions for pensions – service cost including prior positions)	2.6	1.7
Other long-term benefits (expenses related to the LTIP management components including prior positions)	16.7	12.6
Share-based payment (expenses related to the LTIP capital market components including prior positions)	9.0	19.1
Total	**48.8**	**55.9**

Payments to former members of the Managing Board and their surviving dependents amounted to €18.4 million in the financial year (previous year: 5.2). The sharp increase compared to the previous year is due to the exit of three members of the Managing Board since the end of 2023 (Kevin Gluskie, Dr. Nicola Kimm and Ernest Jelito), who received various payments as part of their exits. These included contractually agreed advance payments of the long-term bonus and payments of pension entitlements earned up to the respective exit date. Provisions for pension obligations to former members of the Managing Board amounted to €60.0 million (previous year: 62.0).

The total Supervisory Board remuneration (excluding value added tax), which is short-term only, for the 2024 financial year amounted to €1,906,000 (previous year: 1,911,000). Employee representatives of the Supervisory Board who are employees of the Heidelberg Materials Group also received remuneration in accordance with their contracts of employment, the level of which corresponded to an equitable remuneration for their relevant functions and tasks within the Group.

11.6 Declaration of compliance with the German Corporate Governance Code

The declaration of compliance with the German Corporate Governance Code as required by section 161 of the German Stock Corporation Act (Aktiengesetz, AktG) was submitted by the Managing Board and the Supervisory Board of Heidelberg Materials AG and made publicly available on the internet at **www.heidelbergmaterials.com under Company/Corporate Governance/Declaration of compliance pursuant to section 161 of the German Stock Corporation Act (Aktiengesetz)**.

11.7 Auditor's fees

The total fee calculated for the services of the auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC Germany) and the companies in the global PwC network for the 2024 financial year is composed as follows:

Auditor's fees

€m	2023		2024	
	PwC network	Thereof: PwC Germany	PwC network	Thereof: PwC Germany
Audit services[1]	14.5	4.7	16.2	5.4
Other assurance services	0.5	0.4	0.6	0.4
Tax services	0.1		0.0	
Other services	0.0		0.0	
Total	**15.1**	**5.1**	**16.8**	**5.7**

1) Thereof for the previous year: 2024: PwC network €0.6 million, PwC Germany €0.3 million, 2023: PwC network €0.5 million, PwC Germany €0.1 million

The auditor's services mainly comprised services for the audit of the financial statements and, to a lesser extent, other assurance services, tax services, and other services. The fee for the other assurance services primarily includes the fee for the audit to obtain limited assurance on the non-financial statement and selected ESG indicators. It also includes remuneration for issuing a comfort letter in connection with the €10 billion Euro Medium Term Note (EMTN) programme and for auditing the remuneration report.

11.8 Events occurring after the close of the 2024 financial year

In February 2025, Heidelberg Materials repaid the maturing bond with a nominal volume of €1,000.0 million in cash as scheduled.

On 21 February 2025, the Managing Board of Heidelberg Materials AG resolved to cancel all 3,637,360 treasury shares purchased under the first tranche of the 2024–2026 share buyback programme in the period from 23 May to 25 November 2024, with a reduction of €10,912,080 in the subscribed share capital. This corresponds to approximately 2.00% of the company's subscribed share capital before cancellation and capital reduction. The Supervisory Board approved the cancellation on 24 February 2025. Following the cancellation of the shares and the capital reduction, the subscribed share capital of Heidelberg Materials AG amounts to €535,292,280 and is divided into 178,430,760 no-par value shares, each representing a notional amount of €3.00 of the subscribed share capital.

11.9 Approval by the Supervisory Board

The consolidated financial statements were prepared by the Managing Board and adopted on 21 March 2025. They were then submitted to the Supervisory Board for approval.

12 List of shareholdings

List of shareholdings of Heidelberg Materials Group and Heidelberg Materials AG as at 31 December 2024 (section 313(2), resp. section 285(11) of the German Commercial Code (HGB)).

Company name	Registered office	Direct ownership %	Group ownership %	Year[1]	Equity in € million[2]	Net income in € million[3]
Subsidiaries						
Europe						
A.R.C. (Western) Limited	Maidenhead, GB		100.00	2023	7.0	–
A1 Services (Manchester) Limited	Maidenhead, GB		100.00	2023	6.4	-0.9
Amey Group Limited (The)	Maidenhead, GB		100.00	2023	14.7	–
Amey Roadstone International Limited	Maidenhead, GB		100.00	2023	0.1	–
Appleby Group Limited	Maidenhead, GB		100.00	2023	31.1	0.7
ARC Aggregates Limited	Maidenhead, GB		100.00	2023	3.7	–
ARC Building Limited	Maidenhead, GB		100.00	2023	-20.8	–
ARC Concrete (Anglia) Limited	Maidenhead, GB		100.00	2023	0.0	–
ARC Concrete Limited	Maidenhead, GB		100.00	2023	0.0	–
ARC Holdings Limited	Maidenhead, GB		100.00	2023	0.1	–
ARC Land Holdings Limited	Maidenhead, GB		100.00	2023	0.3	–
ARC Limited	Maidenhead, GB		100.00	2023	0.0	–
ARC Property Investments Limited	Maidenhead, GB		100.00	2023	45.1	–
ARC Slimline Limited	Maidenhead, GB		100.00	2023	-3.7	–
ARC South Wales Limited	Maidenhead, GB		100.00	2023	0.0	–
ARC South Wales Mortar Limited	Maidenhead, GB		100.00	2023	0.0	–
ARC South Wales Quarries Limited	Maidenhead, GB		100.00	2023	0.0	–
ARC South Wales Surfacing Limited	Maidenhead, GB		100.00	2023	0.4	–
Attendflower Limited	Maidenhead, GB		100.00	2023	0.0	–
Balla Homes Ltd	Maidenhead, GB		100.00	2023	1.0	0.4
Banbury Alton Limited	Maidenhead, GB		100.00	2023	-0.3	–
Beazer Limited	Maidenhead, GB		100.00	2023	11.6	–
Beforebeam Limited	Maidenhead, GB		100.00	2023	106.6	-4.8
Beforeblend Limited	Maidenhead, GB		100.00	2023	0.1	–
Berec Holdings B.V.	's-Hertogenbosch, NL		100.00	2023	59.8	0.9
Béton Contrôle de l'Adour S.a.s.[5]	Bayonne, FR		35.99	2023	2.2	0.1
Béton Contrôle du Pays Basque S.a.s.	Bayonne, FR		59.98	2023	1.7	-0.2
Betontir S.p.A.	Bergamo, IT		100.00	2023	1.3	0.7
BETOTECH, s.r.o.	Beroun, CZ		91.50	2023	0.6	-0.0
Birchwood Concrete Products Limited	Maidenhead, GB		100.00	2023	0.0	–
Birchwood Omnia Limited	Maidenhead, GB		100.00	2023	647.6	552.9
Björgun ehf	Reykjavík, IS		52.98	2023	6.4	0.6
BM Valla ehf	Reykjavík, IS		52.98	2023	29.6	6.5
Bristol & Avon Group Limited	Maidenhead, GB		100.00	2023	30.4	-0.0
Bristol & Avon Stone Supplies Limited	Maidenhead, GB		100.00	2023	2.3	0.8
Bristol & Avon Transport & Recycling Ltd	Maidenhead, GB		100.00	2023	23.0	7.3
British Agricultural Services Limited	Maidenhead, GB		100.00	2023	0.1	–
British Ever Ready Limited	Maidenhead, GB		100.00	2023	30.7	–
Bulldog Company Limited	St. Peter Port, GG		100.00	2023	44.2	2.3
BVLS S.a.s.	Martigues, FR		100.00	2023	0.0	0.0
Calumite Limited	Maidenhead, GB		51.00	2023	3.8	1.6
Calumite s.r.o.	Ostrava-Kunčičky, CZ		51.00	2023	3.4	0.8
Castle Building Products Limited	Maidenhead, GB		100.00	2023	-0.5	–
Castle Cement (Chatburn) Limited	Maidenhead, GB		100.00	2023	0.2	–
Castle Cement (Clyde) Limited	Maidenhead, GB		100.00	2023	0.1	–
Castle Cement (Ketton) Limited	Maidenhead, GB		100.00	2023	26.0	–
Castle Cement (Padeswood) Limited	Maidenhead, GB		100.00	2023	6.9	–
Castle Cement (Pitstone) Limited	Maidenhead, GB		100.00	2023	11.3	–
Castle Cement (Ribblesdale) Limited	Maidenhead, GB		100.00	2023	27.1	–
Castle Cement Limited	Maidenhead, GB		100.00	2023	313.5	52.1
Castle Lime Limited	Maidenhead, GB		100.00	2023	0.0	–
Castle Pension Scheme Trustees Limited[8]	Maidenhead, GB		100.00	–	–	–
Cementa Fastighets AB	Stockholm, SE		100.00	2023	0.2	0.1
Cemitaly S.p.A.	Bergamo, IT		100.00	2023	12.5	-2.4
Českomoravský beton, a.s.	Beroun, CZ		100.00	2023	26.5	7.2
Českomoravský štěrk, a.s.	Mokrá-Horákov, CZ		100.00	2023	75.0	25.8
Cetramaris S.a.s	Saint-Herblain, FR		70.00	2023	0.9	-0.1
CGF Capital B.V.	's-Hertogenbosch, NL		100.00	2023	0.0	-0.0
Charles Moroni S.A.	Saint Léonard, FR		100.00	2024	8.2	0.1
Charterneed Limited	Maidenhead, GB		100.00	2023	0.0	–
CHB Group Limited	Maidenhead, GB		100.00	2023	775.0	–
CHB P H R Limited	Maidenhead, GB		100.00	2023	8.0	1.1
CHB Products Limited	Maidenhead, GB		100.00	2023	2.8	-0.1

Company name	Registered office	Direct ownership %	Group ownership %	Year[1]	Equity in € million[2]	Net income in € million[3]
Chemical Manufacture and Refining Limited	Maidenhead, GB		100.00	2023	6.3	–
Ciment du Littoral S.a.s.	Bassens, FR		100.00	2023	–10.5	–2.3
Ciminter S.A.	Strassen, LU		100.00	2023	8.7	1.3
City of London Heliport Limited	Maidenhead, GB		55.56	2023	–2.0	–
Civil and Marine (Holdings) Limited	Maidenhead, GB		100.00	2023	35.4	0.7
Civil and Marine Limited	Maidenhead, GB		100.00	2023	417.4	53.7
Civil and Marine Slag Cement Limited	Maidenhead, GB		100.00	2023	70.3	–
Claughton Manor Brick Limited (The)	Maidenhead, GB		100.00	2023	0.2	–
Codesib S.a.s.	Guerville, FR		100.00	2023	107.4	62.7
Compagnie Financière et de Participations S.a.s.	Guerville, FR		100.00	2023	31.3	1.0
Compagnie pour l'Investissement Financier en Inde S.a.s.	Guerville, FR		100.00	2023	8.6	–0.9
Conbloc Limited	Maidenhead, GB		100.00	2023	–0.1	–
Creative Land Developers Limited[5]	Maidenhead, GB		50.00	2023	–0.4	–
Cromhall Quarries, Limited	Maidenhead, GB		100.00	2023	0.1	–
Cumbrian Industrials Limited	Maidenhead, GB		100.00	2023	8.7	–0.0
Delmorgal Limited	Maidenhead, GB		100.00	2023	0.0	–
Desimpel Brick Limited	Maidenhead, GB		100.00	2023	3.0	–
Devon Concrete Works, Limited	Maidenhead, GB		100.00	2023	0.1	–
DOBET, spol. s r.o.	Uherské Hradiště, CZ		100.00	2023	2.1	0.1
Dragages du Pont de St Leger S.a.s.	St Léger, FR		60.00	2023	4.8	0.2
Dragages Transports & Travaux Maritimes S.a.s.	La Rochelle, FR		100.00	2023	19.5	1.2
DRBS East Limited	Maidenhead, GB		100.00	2023	–0.0	–0.1
DUPAMIJ Holding GmbH i.L.[4]	Kalkar, DE		100.00	2023	0.0	–0.0
E & S Retail Limited	Maidenhead, GB		100.00	2023	0.0	0.0
E Sub Limited	Maidenhead, GB		100.00	2023	7.0	–
Eckhard Garbe GmbH[7]	Berlin, DE		100.00	2023	1.3	0.0
Effectengage Limited	Maidenhead, GB		100.00	2023	69.1	–3.1
Eignarhaldsfélagið Hornsteinn ehf.	Reykjavík, IS		52.98	2023	48.9	9.8
Emerging Markets Industrial Corporation S.à r.l.	Strassen, LU		100.00	2023	68.9	–0.2
Ensign Park Limited[5]	Maidenhead, GB		50.00	2023	–1.9	–
Essroc Netherlands Coöperatief U.A.	's-Hertogenbosch, NL		100.00	2023	238.2	–0.0
Eurarco France S.A.	Le Crotoy, FR		64.98	2023	8.2	1.4
F.C. Precast Concrete Limited	Maidenhead, GB		100.00	2023	0.1	–
Fastighets AB Limhamns Kalkbrott	Stockholm, SE		100.00	2023	2.1	0.0
Fastighets AB Lövholmen	Stockholm, SE		100.00	2023	0.5	0.0
Ferrersand Aggregates Limited	Maidenhead, GB		100.00	2023	1.6	–
Frimstone Limited	Maidenhead, GB		100.00	2023	16.5	–1.0
Fruitbat Company	Maidenhead, GB		100.00	2023	0.0	–
Fulber Limited	St. Peter Port, GG		100.00	2023	0.1	–0.0
Górażdże Beton Sp. z o.o.	Chorula, PL		100.00	2023	7.3	–11.6
Górażdże Cement S.A.	Chorula, PL		100.00	2023	564.3	102.6
Górażdże Kruszywa Sp. z o.o.	Chorula, PL		100.00	2023	57.8	4.0
Granulats de Lahontan	Guerville, FR		51.00	2023	2.4	–0.1
Granulats Ouest – GO S.a.s.	Saint-Herblain, FR		100.00	2023	5.1	0.6
Greenwoods (St. Ives) Limited	Maidenhead, GB		100.00	2023	2.1	–
Guidelink	Maidenhead, GB		100.00	2023	0.1	–
Habfield Limited	Maidenhead, GB		100.00	2023	0.0	0.0
Hanson (BB) Limited	Maidenhead, GB		100.00	2023	0.5	–
Hanson (BBIN02) Limited	Maidenhead, GB		100.00	2023	0.0	–
Hanson (CGF) (No.1) Limited	Maidenhead, GB		100.00	2023	0.0	–
Hanson (CGF) (No2) Limited	Maidenhead, GB		100.00	2023	0.0	–
Hanson (CGF) Finance Limited	Maidenhead, GB		100.00	2023	155.8	–
Hanson (CGF) Holdings Limited	Maidenhead, GB		100.00	2023	0.0	–
Hanson (ER – No 10) Limited	Maidenhead, GB		100.00	2023	293.3	0.0
Hanson (ER – No 5) Limited	Maidenhead, GB		100.00	2023	458.1	–
Hanson (F) Limited	Maidenhead, GB		100.00	2023	5.8	–
Hanson (FH) Limited	Maidenhead, GB		100.00	2023	3.9	–
Hanson (FP) Limited	Maidenhead, GB		100.00	2023	0.0	–
Hanson (LBC) Limited	Maidenhead, GB		100.00	2023	25.3	–
Hanson (MR) Limited	Maidenhead, GB		100.00	2023	0.0	–
Hanson (NAIL) Limited	Maidenhead, GB		100.00	2023	6.2	–
Hanson (RBMC) Limited	Maidenhead, GB		100.00	2023	6.9	–
Hanson (SH) Limited	Maidenhead, GB		100.00	2023	67.8	0.6
Hanson Aggregates (North) Limited	Maidenhead, GB		100.00	2023	46.5	–
Hanson Aggregates Limited	Maidenhead, GB		100.00	2023	0.0	–
Hanson Aggregates Marine Limited	Maidenhead, GB		100.00	2023	98.0	0.6
Hanson Aggregates South Wales Holdings Limited	Maidenhead, GB		100.00	2023	7.8	–

Company name	Registered office	Direct ownership %	Group ownership %	Year[1]	Equity in € million[2]	Net income in € million[3]
Hanson Aggregates South Wales Limited	Maidenhead, GB		100.00	2023	44.8	–
Hanson Aggregates UK Limited	Maidenhead, GB		100.00	2023	0.3	–0.2
Hanson America Holdings (1) Limited	Maidenhead, GB		100.00	2023	0.0	–
Hanson America Holdings (2) Limited	Maidenhead, GB		100.00	2023	35.5	–
Hanson America Holdings (3) Limited	Maidenhead, GB		100.00	2023	0.0	–
Hanson America Holdings (4) Limited	Maidenhead, GB		100.00	2023	138.0	1.5
Hanson Aruba Limited	St. Peter Port, GG		100.00	2023	0.4	–0.0
Hanson Bath and Portland Stone Limited	Maidenhead, GB		100.00	2023	–2.5	–
Hanson Batteries Limited	Maidenhead, GB		100.00	2023	0.0	–
Hanson Blocks North Limited	Maidenhead, GB		100.00	2023	15.2	–
Hanson Brick Ltd	Maidenhead, GB		100.00	2023	0.2	–
Hanson Building Materials Europe Limited	Maidenhead, GB		100.00	2023	315.4	24.1
Hanson Building Materials Limited	Maidenhead, GB		100.00	2023	668.3	60.0
Hanson Building Products (2003) Limited	Maidenhead, GB		100.00	2023	218.3	29.0
Hanson Building Products Limited	St. Helier, JE		100.00	2023	0.1	0.0
Hanson Canada Limited	Maidenhead, GB		100.00	2023	1.1	0.0
Hanson Clay Products Limited	Maidenhead, GB		100.00	2023	17.5	–
Hanson Concrete Products Limited	Maidenhead, GB		100.00	2023	60.5	–
Hanson Crewing Services Limited	Maidenhead, GB		100.00	2023	–0.0	–
Hanson Devon Designated Activity Company	Shannon, IE		100.00	2023	4,995.9	–0.2
Hanson Facing Bricks Limited	Maidenhead, GB		100.00	2023	4.7	–
Hanson Finance (2003) Limited	Maidenhead, GB		100.00	2023	502.9	–1.2
Hanson Finance Limited	Maidenhead, GB		100.00	2023	698.5	–0.3
Hanson Financial Services Limited	Maidenhead, GB		100.00	2023	231.8	–
Hanson FP Holdings B.V.	's-Hertogenbosch, NL		100.00	2023	92.9	–77.9
Hanson Funding (G) Limited	Maidenhead, GB		100.00	2023	200.4	–
Hanson H4 Limited	Maidenhead, GB		100.00	2023	10.1	–
Hanson H5	Maidenhead, GB		100.00	2023	0.1	–
Hanson Hedging (Dollars) (1) Limited	Maidenhead, GB		100.00	2023	0.3	–
Hanson Holdings (1) Limited	Maidenhead, GB		100.00	2023	5,013.9	53.7
Hanson Holdings (2) Limited	Maidenhead, GB		100.00	2023	175.7	–7.9
Hanson Holdings (3) Limited	Maidenhead, GB		100.00	2023	2,208.8	48.9
Hanson Holdings Limited	Maidenhead, GB		100.00	2023	1,957.0	1,111.4
Hanson Iceland EHF	Reykjavík, IS		100.00	2023	1.4	–0.2
Hanson Industrial (Engineering Holdings) Limited	Maidenhead, GB		100.00	2023	6.2	–
Hanson Industrial Limited	Maidenhead, GB		100.00	2023	183.7	–
Hanson International Holdings Limited	Maidenhead, GB		100.00	2023	2,924.3	50.4
Hanson Island Management Limited	St. Peter Port, GG		100.00	2023	–3.2	–0.6
Hanson Land Development Limited	Maidenhead, GB		100.00	2023	–34.1	–
Hanson Limited	Maidenhead, GB		100.00	2023	15,487.1	3,134.8
Hanson Marine Holdings Limited	Maidenhead, GB		100.00	2023	1.5	5.7
Hanson Marine Limited	Maidenhead, GB		100.00	2023	5.9	0.5
Hanson Overseas Corporation Limited	Maidenhead, GB		100.00	2023	0.0	–
Hanson Overseas Holdings Limited	Maidenhead, GB		100.00	2023	4,591.1	323.5
Hanson Packed Products Limited	Maidenhead, GB		100.00	2023	316.4	7.5
Hanson Peabody Limited	Maidenhead, GB		100.00	2023	0.0	–
Hanson Quarry Products Europe Limited	Maidenhead, GB		100.00	2023	2,054.3	121.7
Hanson Quarry Products Holdings Limited	Maidenhead, GB		100.00	2023	48.4	0.0
Hanson Quarry Products Trade Finance Limited	Maidenhead, GB		100.00	2023	3.4	–
Hanson Quarry Products Transport Limited	Maidenhead, GB		100.00	2023	0.1	–
Hanson Quarry Products Ventures Limited	Maidenhead, GB		100.00	2023	53.8	–1.3
Hanson Retail Limited	Maidenhead, GB		100.00	2023	451.5	–
Hanson Ship Management Ltd	St. Peter Port, GG		100.00	2023	–1.4	–0.2
Hanson Thermalite Limited	Maidenhead, GB		100.00	2023	48.1	–
Hanson TIS Holdings Limited	Maidenhead, GB		100.00	2023	0.0	–
Hanson TIS Limited	Maidenhead, GB		100.00	2023	–3.0	–
Hanson Trust Limited	Maidenhead, GB		100.00	2023	0.0	283.3
Hanson Trustees Limited	Maidenhead, GB		100.00	2023	–1.7	–
Harrisons Limeworks Limited	Maidenhead, GB		100.00	2023	0.0	–
Hartsholme Property Limited	Maidenhead, GB		100.00	2023	0.1	–
HB Hotels Limited	Maidenhead, GB		100.00	2023	–0.7	–
HC Fuels Limited	Maidenhead, GB		100.00	2023	11.0	0.5
HC Green Trading Limited	Żebbuġ, MT		100.00	2023	0.0	0.2
HC Trading Malta Limited	Żebbuġ, MT		100.00	2023	0.0	5.1
HCT Holding Malta Limited	Żebbuġ, MT	100.00	100.00	2023	8.4	6.8
HDigital GmbH[7]	Heidelberg, DE		100.00	2023	356.5	0.0
Heidelberg Materials Alkmaar Beton B.V.	Alkmaar, NL		66.67	2023	–0.5	0.8
Heidelberg Materials Asia Holding GmbH	Heidelberg, DE	100.00	100.00	2023	90.0	2.1

Company name	Registered office	Direct ownership %	Group ownership %	Year[1]	Equity in € million[2]	Net income in € million[3]
Heidelberg Materials Ballast Sverige AB	Stockholm, SE		100.00	2023	10.5	0.4
Heidelberg Materials Beton Danmark A/S	Ringsted, DK		100.00	2023	37.9	–0.8
Heidelberg Materials Beton DE GmbH[7]	Heidelberg, DE	100.00	100.00	2023	578.1	39.5
Heidelberg Materials Betonelemente DE GmbH & Co. KG[7]	Chemnitz, DE		83.00	2023	17.7	6.2
Heidelberg Materials Betong Norge AS	Oslo, NO		100.00	2023	97.0	7.1
Heidelberg Materials Betong Sverige AB	Stockholm, SE		100.00	2023	6.8	2.6
Heidelberg Materials Betoon AS	Tallinn, EE		100.00	2023	5.8	–0.1
Heidelberg Materials BP Limited	Maidenhead, GB		100.00	2023	0.1	–
Heidelberg Materials Canada Holding Limited	Maidenhead, GB		100.00	2023	3,161.9	68.8
Heidelberg Materials Cement Danmark A/S	Ringsted, DK		100.00	2023	9.4	0.3
Heidelberg Materials Cement Holding Limited	Maidenhead, GB		100.00	2023	92.4	12.1
Heidelberg Materials Cement Sverige AB	Stockholm, SE		100.00	2023	44.4	–0.0
Heidelberg Materials Central Asia B.V.	's-Hertogenbosch, NL		100.00	2023	85.1	0.0
Heidelberg Materials Central Europe B.V.	's-Hertogenbosch, NL		100.00	2023	1,306.7	186.5
Heidelberg Materials CZ, a.s.	Mokrá-Horákov, CZ		100.00	2023	127.3	70.4
Heidelberg Materials Denmark A/S	Ringsted, DK		100.00	2023	47.3	–0.6
Heidelberg Materials Devnya JSC	Devnya, BG		99.94	2023	162.9	37.5
Heidelberg Materials Digital Hub Varna EAD	Devnya, BG		99.94	2023	1.4	0.0
Heidelberg Materials Donau-Naab GmbH & Co. KG[7]	Burglengenfeld, DE		77.70	2023	3.6	1.3
Heidelberg Materials Euro II Limited	Maidenhead, GB		100.00	2023	3,454.7	124.3
Heidelberg Materials Euro III Limited	Maidenhead, GB		100.00	2023	919.6	33.1
Heidelberg Materials Finance Luxembourg S.A.	Strassen, LU		100.00	2023	37.0	83.2
Heidelberg Materials France Bétons S.a.s.	Courbevoie, FR		100.00	2023	–23.2	–46.2
Heidelberg Materials France Ciments S.a.s.	Courbevoie, FR		100.00	2023	1,110.5	49.0
Heidelberg Materials France Granulats S.a.s.	Courbevoie, FR		100.00	2023	209.1	18.7
Heidelberg Materials France Innovation S.a.s.	Guerville, FR		100.00	2023	–15.5	–1.6
Heidelberg Materials France Logistique S.a.s.	Courbevoie, FR		100.00	2023	28.6	0.3
Heidelberg Materials France S.A.S.	Courbevoie, FR		100.00	2023	2,892.1	165.3
Heidelberg Materials Garkalnes Grants SIA	Riga, LV		100.00	2023	9.5	0.4
Heidelberg Materials Grundstücksgesellschaft DE mbH & Co.KG[7]	Heidelberg, DE	100.00	100.00	2023	4.4	0.8
Heidelberg Materials Hellas S.A.	Aspropyrgos, GR		99.90	2023	56.0	5.8
Heidelberg Materials Hispania Áridos, S.A.	Madrid, ES		100.00	2023	86.4	4.2
Heidelberg Materials Hispania Cementos, S.A.	Madrid, ES		99.94	2023	540.7	79.3
Heidelberg Materials Hispania Hormigones, S.L.	Madrid, ES		100.00	2023	8.4	0.3
Heidelberg Materials Holding GmbH[7]	Heidelberg, DE		100.00	2023	2,374.0	0.0
Heidelberg Materials Holding S.à r.l.	Strassen, LU		100.00	2023	23,662.9	801.0
Heidelberg Materials Iberia Holding, S.L.	Madrid, ES		100.00	2023	362.1	–0.4
Heidelberg Materials Iceland ehf.	Reykjavík, IS		100.00	2023	26.3	5.4
Heidelberg Materials International Holding GmbH[7]	Heidelberg, DE	100.00	100.00	2023	20,635.7	0.0
Heidelberg Materials Kunda AS	Kunda, EE		75.00	2023	34.6	4.0
Heidelberg Materials Latvija Betons SIA	Riga, LV		100.00	2023	1.3	0.2
Heidelberg Materials Latvija Cements SIA	Riga, LV		100.00	2023	1.8	–0.4
Heidelberg Materials Latvija SSC SIA	Riga, LV		100.00	2023	0.0	–0.0
Heidelberg Materials Leeuwarden Beton B.V.	Leeuwarden, NL		79.79	2023	–0.6	–0.4
Heidelberg Materials Lietuva Betonas UAB	Kaunas, LT		100.00	2023	1.3	0.3
Heidelberg Materials Lietuva Cementas UAB	Klaipėda, LT		100.00	2023	5.2	1.5
Heidelberg Materials Lietuva SSC UAB	Kaunas, LT		100.00	2023	0.0	0.0
Heidelberg Materials Limited	Maidenhead, GB		100.00	2023	0.0	–
Heidelberg Materials Lyulyaka EAD	Devnya, BG		99.94	2023	1.6	0.2
Heidelberg Materials Mediterranean Basin B.V.	's-Hertogenbosch, NL		100.00	2023	503.6	28.4
Heidelberg Materials Miljø AS	Aurskog, NO		100.00	2023	4.4	0.4
Heidelberg Materials Mineralik DE GmbH[7]	Heidelberg, DE	6.00	100.00	2023	248.8	0.0
Heidelberg Materials NAM B.V.	's-Hertogenbosch, NL		100.00	2023	13,824.3	–0.0
Heidelberg Materials Nederland Aggregaten B.V.	's-Hertogenbosch, NL		100.00	2023	3.5	0.8
Heidelberg Materials Nederland Beton B.V.	's-Hertogenbosch, NL		100.00	2023	59.7	–4.0
Heidelberg Materials Nederland Cement B.V.	's-Hertogenbosch, NL		100.00	2023	129.4	45.1
Heidelberg Materials Nederland Extractie B.V.	's-Hertogenbosch, NL		100.00	2023	7.5	0.4
Heidelberg Materials Nederland N.V.	's-Hertogenbosch, NL		100.00	2023	339.0	0.7

Company name	Registered office	Direct ownership %	Group ownership %	Year[1)]	Equity in € million[2)]	Net income in € million[3)]
Heidelberg Materials Netherlands Holding B.V.	's-Hertogenbosch, NL	14.54	100.00	2023	812.3	0.9
Heidelberg Materials Northern Europe AB	Stockholm, SE		100.00	2023	1,057.0	-18.0
Heidelberg Materials Norway AS	Oslo, NO		100.00	2023	565.3	111.4
Heidelberg Materials Polska B.V.	's-Hertogenbosch, NL		100.00	2023	209.6	69.7
Heidelberg Materials Precast Abetong AB	Växjö, SE		100.00	2023	6.4	0.1
Heidelberg Materials Precast Contiga AB	Norrtälje, SE		100.00	2023	19.0	0.2
Heidelberg Materials Precast Denmark A/S	Tinglev, DK		100.00	2023	4.9	1.5
Heidelberg Materials Prefab Contiga Holding AS	Oslo, NO		100.00	2023	65.6	-0.1
Heidelberg Materials Prefab Norge AS	Moss, NO		100.00	2023	47.2	3.1
Heidelberg Materials Reinsurance Luxembourg S.A.	Strassen, LU		100.00	2023	22.2	18.9
Heidelberg Materials România S.A.	Bucharest, RO		100.00	2023	234.0	38.3
Heidelberg Materials SBC Latvia SIA	Marupe, LV		100.00	2023	4.0	1.4
Heidelberg Materials Sement Norge AS	Oslo, NO		100.00	2023	54.5	53.4
Heidelberg Materials South Asia B.V.	's-Hertogenbosch, NL		100.00	2023	170.2	11.5
Heidelberg Materials Sweden AB	Stockholm, SE		100.00	2023	245.3	0.5
Heidelberg Materials Tilslag Norge AS	Sandnes, NO		100.00	2023	4.4	0.4
Heidelberg Materials UK Holding II Limited	Maidenhead, GB		100.00	2023	18,041.3	1,097.9
Heidelberg Materials UK Holding Limited	Maidenhead, GB		100.00	2023	11,880.4	148.0
Heidelberg Materials UK Limited	Maidenhead, GB	100.00	100.00	2023	2.3	–
Heidelberg Materials Volcanic Pozzolana Iceland ehf.	Reykjavík, IS		100.00	2023	5.7	-0.2
Heidelberg Materials Vulkan JSC	Dimitrovgrad, BG		98.60	2023	11.0	2.8
Heidelberg Materials Y GmbH	Heidelberg, DE		100.00	2023	0.0	-0.0
Heidelberg Materials, Funk & Kapphan Grundstücksgesellschaft DE GmbH & Co. KG[7)]	Heidelberg, DE	79.91	79.91	2023	11.9	0.4
HeidelbergCement Africa Holding Kommanditbolag	Stockholm, SE		100.00	2023	29.3	7.5
HeidelbergCement Logistik GmbH[7)]	Polch, DE		100.00	2023	10.3	0.0
HIPS (Trustees) Limited	Maidenhead, GB		100.00	2023	0.0	–
HK Holdings (No.1) Limited	Maidenhead, GB		100.00	2023	48.8	–
HK Holdings (No.2) Limited	Maidenhead, GB		100.00	2023	0.0	–
HM Górażdże Prefabrykacja Sp.z.o.o.	Chorula, PL		100.00	2023	2.0	-2.2
HM Italia Calcestruzzi S.p.A.	Peschiera Borromeo, IT		100.00	2023	32.7	0.4
HM Italia Cementi S.p.A.	Peschiera Borromeo, IT		100.00	2023	3,726.9	414.9
HM MEDBASIN HOLDING, S.L.	Madrid, ES		100.00	2023	19.7	0.7
HM Trading Global GmbH[7)]	Heidelberg, DE		100.00	2023	7.3	0.0
HM Trading Services B.V.	's-Hertogenbosch, NL		100.00	2023	-0.2	-0.2
Holms Sand & Gravel Company (1985) (The)	Maidenhead, GB		100.00	2023	0.0	–
Holms Sand & Gravel Company Limited (The)	Maidenhead, GB		100.00	2023	0.0	–
Homes (East Anglia) Limited	Maidenhead, GB		100.00	2023	0.2	–
Housemotor Limited	Maidenhead, GB		100.00	2023	0.0	–
Houseprice Limited	Maidenhead, GB		100.00	2023	0.0	–
Houserate Limited	Maidenhead, GB		100.00	2023	10,117.1	143.1
HPL Albany House Developments Limited[5)]	Maidenhead, GB		50.00	2023	-0.6	–
HPL Estates Limited	Maidenhead, GB		100.00	2023	4.0	–
HPL Investments Limited	Maidenhead, GB		100.00	2023	0.0	–
HPL Properties Limited	Maidenhead, GB		100.00	2023	45.8	–
HPL Property Limited	Maidenhead, GB		100.00	2023	46.2	–
HPL West London Developments Limited[5)]	Maidenhead, GB		50.00	2023	-0.2	–
Hurst and Sandler Limited	Maidenhead, GB		100.00	2023	5.4	–
Immobilière des Technodes S.a.s.	Guerville, FR		100.00	2023	14.3	0.7
Imperial Foods Holdings Limited	Maidenhead, GB		100.00	2023	0.7	–
Imperial Group Limited	Maidenhead, GB		100.00	2023	0.0	–
Imperial Seafoods Limited	Maidenhead, GB		100.00	2023	1.3	–
Interbulk Trading (IBT) S.A.	Lugano, CH		100.00	2023	15.3	2.8
Investcim S.a.s.	Guerville, FR		100.00	2023	115.5	3.1
Irvine – Whitlock Limited	Maidenhead, GB		100.00	2023	-20.2	-0.3
Ital Real Estate S.r.l.	Bergamo, IT		100.00	2023	49.3	11.0
Italcementi Finance S.A.	Guerville, FR		100.00	2023	27.9	0.9
Italmed Cement Company Ltd.	Limassol, CY		99.90	2023	25.5	2.5
Italsacci S.p.A.	Bergamo, IT		100.00	2023	169.3	18.9
James Grant & Company (West) Limited	Edinburgh, GB		100.00	2023	2.6	–
Jehander 1 AB[8)]	Stockholm, SE		100.00	–	–	–
Judkins Limited	Maidenhead, GB		100.00	2023	0.1	–
K.M. Property Development Company Limited	Maidenhead, GB		100.00	2023	0.0	–
Ketton Cement Limited	Maidenhead, GB		100.00	2023	0.0	–
Kingston Minerals Limited	Maidenhead, GB		100.00	2023	0.2	–

Company name	Registered office	Direct ownership %	Group ownership %	Year[1]	Equity in € million[2]	Net income in € million[3]
L.B. (Stewartby) Limited	Maidenhead, GB		100.00	2023	60.5	–
Lehigh UK Limited	Maidenhead, GB		100.00	2023	15,356.5	6.8
Les Sabliers de l'Odet S.a.s.	La Rochelle, FR		100.00	2023	4.5	0.1
Lindustries Limited	Edinburgh, GB		100.00	2023	51.4	–
Lithonplus GmbH & Co. KG[7]	Lingenfeld, DE		60.00	2023	96.6	9.2
Localdouble Limited	Maidenhead, GB		100.00	2023	0.0	–
M E Sub Limited	Maidenhead, GB		100.00	2023	20.3	–
Magnatool AB	Stockholm, SE		75.00	2023	0.0	0.0
Manchester Waste Recycling Limited	Maidenhead, GB		100.00	2023	6.3	–0.0
Mantle & Llay Limited	Maidenhead, GB		100.00	2023	–0.0	–
Marnee Limited	Maidenhead, GB		100.00	2023	0.0	–
Marples Ridgway Limited	Maidenhead, GB		100.00	2023	–4.5	–
Menaf S.a.s.	Guerville, FR		100.00	2023	–4.4	16.4
Meppeler Betoncentrale B.V.	Meppel, NL		66.67	2023	–1.0	–0.0
Mibau Stema Danmark A/S	Aabenraa, DK		60.00	2023	107.4	22.6
Mibau Stema Deutschland GmbH	Cadenberge, DE		60.00	2023	1.4	0.0
Mibau Stema France SAS	Le Mesnil Esnard, FR		60.00	2023	0.4	0.2
Mibau Stema Group GmbH	Cadenberge, DE		60.00	2023	79.2	25.1
Mibau Stema Nederland B.V.	Venlo, NL		60.00	2023	3.6	0.6
Mibau Stema Norge AS	Jelsa, NO		60.00	2023	81.3	0.6
Mibau Stema Polska Sp. z o.o.	Gdansk, PL		60.00	2023	3.3	1.2
Mibau Stema Shipping ApS	Aabenraa, DK		60.00	2023	30.9	9.9
Mibau Stema UK Ltd.	Grays, GB		60.00	2023	13.0	2.2
Mick George Concrete Limited	Maidenhead, GB		100.00	2023	–1.8	–1.6
Mick George Contracting Limited[8]	Maidenhead, GB		100.00	–	–	–
Mick George Demolition Limited	Maidenhead, GB		100.00	2023	0.0	–
Mick George Earthworks Limited	Maidenhead, GB		100.00	2023	16.2	3.6
Mick George EBT Trustee Limited	Maidenhead, GB		100.00	2023	0.0	–
Mick George Environmental Limited	Maidenhead, GB		100.00	2023	2.4	0.4
Mick George Limited	Maidenhead, GB		100.00	2023	62.6	8.2
Mick George Mepal Limited	Maidenhead, GB		100.00	2023	–	–0.0
Mick George Recycling Limited	Maidenhead, GB		100.00	2023	0.9	0.3
Midland Quarry Products Limited	Maidenhead, GB		100.00	2023	94.4	29.9
Milton Hall (Southend) Brick Company Limited (The)	Maidenhead, GB		100.00	2023	1.6	–
Minster Quarries Limited	Maidenhead, GB		100.00	2023	–1.4	–

Company name	Registered office	Direct ownership %	Group ownership %	Year[1]	Equity in € million[2]	Net income in € million[3]
Mixconcrete Holdings Limited	Maidenhead, GB		100.00	2023	4.5	–
Mixconcrete Limited	Maidenhead, GB		100.00	2023	–2.0	–
Morebeat Limited	Maidenhead, GB		100.00	2023	0.0	–
Motioneager Limited	Maidenhead, GB		100.00	2023	0.0	–
National Brick Company Limited	Maidenhead, GB		100.00	2023	2.9	–
National Star Brick and Tile Holdings Limited	Maidenhead, GB		100.00	2023	2.5	–
National Star Limited	Maidenhead, GB		100.00	2023	0.1	–
Nordic Precast Group AB	Stockholm, SE		100.00	2023	124.1	0.6
Nordic Precast Kasen Fastighets AB	Uddevalla, SE		100.00	2023	3.1	0.7
Nuova Sacelit S.r.l.	Bergamo, IT		100.00	2023	14.6	11.4
Paperbefore Limited	Maidenhead, GB		100.00	2023	0.1	–0.0
Pencrete Limited	Maidenhead, GB		100.00	2023	0.1	–
Picon Overseas Limited	St. Peter Port, GG		100.00	2023	235.1	20.8
PILC Limited	St. Peter Port, GG		100.00	2023	23.8	0.3
Pimco 2945 Limited	Maidenhead, GB		100.00	2023	4.7	–
Pinden Plant & Processing Co. Limited (The)	Maidenhead, GB		100.00	2023	6.5	–
Pioneer Aggregates (UK) Limited	Maidenhead, GB		100.00	2023	5.3	–
Pioneer Asphalts (U.K.) Limited	Maidenhead, GB		100.00	2023	0.0	–
Pioneer Concrete (U.K.) Limited	Maidenhead, GB		100.00	2023	0.0	–
Pioneer Concrete Holdings Limited	Maidenhead, GB		100.00	2023	134.3	–
Pioneer International Group Holdings Limited	Maidenhead, GB		100.00	2023	0.0	–
Pioneer Investments UK Limited	Maidenhead, GB		100.00	2023	0.1	–
Pioneer Overseas Investments Limited	St. Peter Port, GG		100.00	2023	129.8	–0.1
PÍSKOVNY MORAVA spol. s r.o.	Němčičky, CZ		100.00	2023	3.2	1.0
Premix Concrete Limited	Maidenhead, GB		100.00	2023	0.0	–
Protenna AB	Stockholm, SE		75.00	2023	24.2	0.7
Purfleet Aggregates Limited	Maidenhead, GB		100.00	2023	–0.2	–0.0
Redshow Limited	Maidenhead, GB		100.00	2023	126.8	–
Rezincote (1995) Limited	Maidenhead, GB		100.00	2023	–0.5	–
Roads Reconstruction Limited	Maidenhead, GB		100.00	2023	9.9	–
Rostocker Zementumschlagsgesellschaft mbH	Rostock, DE		60.00	2023	0.1	0.0
Rouennaise de Transformation S.a.s.	Grand-Couronne, FR		100.00	2023	0.7	0.1
RUZ Mineralik GmbH[7]	Heilbronn, DE		100.00	2023	9.2	3.0

Company name	Registered office	Direct ownership %	Group ownership %	Year[1]	Equity in € million[2]	Net income in € million[3]
RWG I/Schicht Baustoffaufbereitung, Logistik + Entsorgung GmbH[7]	Berlin, DE		100.00	2023	6.2	0.0
RWG I Abbruch und Tiefbau GmbH[7]	Berlin, DE		100.00	2023	1.8	0.0
S Sub Limited	Maidenhead, GB		100.00	2023	0.0	0.0
S Z G – Saarländische Zementgesellschaft mit beschränkter Haftung[4]	Saarbrücken, DE		100.00	2023	0.0	0.0
S.A. Heidelberg Materials Benelux N.V.	Braine-l'Alleud, BE	0.00	100.00	2023	919.2	91.3
Sabine Limited	St. Peter Port, GG		100.00	2023	0.1	-0.0
Sablimaris S.a.s.	Saint-Herblain, FR		100.00	2023	17.8	1.4
Sagrex France S.A.S.	Thourotte, FR		100.00	2023	9.9	1.1
Sailtown Limited	Maidenhead, GB		100.00	2023	1,137.3	12.3
SAMA S.r.l. - in liquidazione[4]	Bergamo, IT		100.00	2023	-0.1	0.1
Samuel Wilkinson & Sons Limited	Maidenhead, GB		100.00	2023	-0.0	–
Sax S.a.s.	Guerville, FR		100.00	2023	2.5	0.1
Scancem Central Africa Holding 1 AB	Stockholm, SE		100.00	2023	4.8	0.0
Scancem Central Africa Holding 2 AB	Stockholm, SE		100.00	2023	0.2	0.1
Scancem Central Africa Holding 3 AB	Stockholm, SE		100.00	2023	0.3	0.1
Scancem Central Africa Holding 4 AB	Stockholm, SE		100.00	2023	0.2	0.1
Scancem Energy and Recovery Limited	Maidenhead, GB		100.00	2023	20.1	–
Scancem Holding AS	Oslo, NO		100.00	2023	19.6	1.0
Scancem International DA	Oslo, NO		100.00	2023	132.8	45.1
Scancem International Limited	Maidenhead, GB		100.00	2023	20.6	–
Scancem Recovery Limited	Maidenhead, GB		100.00	2023	20.8	0.7
Scancem Supply Limited	Maidenhead, GB		100.00	2023	-2.2	–
Seagoe Concrete Products Limited	Maidenhead, GB		100.00	2023	0.0	–
Second City Properties Limited	Maidenhead, GB		100.00	2023	13.3	–
Sementsverksmidjan ehf	Akranes, IS		52.98	2023	5.4	2.5
SER Hoch- und Tiefbau GmbH & Co. KG[7]	Heilbronn, DE		100.00	2023	0.0	0.2
SER Sanierung im Erd- und Rückbau GmbH[7]	Heilbronn, DE		100.00	2023	1.2	-1.6
Shapedirect Limited	Maidenhead, GB		100.00	2023	2,063.1	10.5
SIA SBC Finance	Marupe, LV		100.00	2023	0.1	-0.0
SIA SBC Property[5]	Marupe, LV		49.00	2023	4.2	0.2
Sinclair General Limited	St. Peter Port, GG		100.00	2023	618.0	1,153.2
SJP 1 Limited	Maidenhead, GB		100.00	2023	-0.1	–
Slotcount Limited	Maidenhead, GB		100.00	2023	0.0	–
Small Lots (Mix-It) Limited	Maidenhead, GB		100.00	2023	12.4	–
Smiths Concrete Limited	Maidenhead, GB		100.00	2023	5.5	-4.3
Socli S.a.s.	Izaourt, FR		100.00	2023	14.3	1.6
Sodramaris S.N.C.	Saint-Herblain, FR		100.00	2023	15.2	1.8
Sola Betong AS	Tananger, NO		66.67	2023	0.9	0.5
Solrec Limited	Maidenhead, GB		100.00	2023	9.6	–
SQ Corporation Limited	Maidenhead, GB		100.00	2023	0.0	–
SQ Finance No 2 Limited	Maidenhead, GB		100.00	2023	49.8	–
SSR Schadstoffsanierung Rostock GmbH[7]	Berlin, DE		100.00	2023	0.6	0.0
ST NICOLAS S.à r.l.	Strassen, LU		100.00	2023	1,325.1	0.0
Stephen Toulson & Sons Limited	Maidenhead, GB		100.00	2023	0.0	–
Stewartby Housing Association Limited	Maidenhead, GB		100.00	2023	0.1	–
Supamix Limited	Maidenhead, GB		100.00	2023	6.5	–
TBG BETONMIX a. s.	Brno, CZ		66.00	2023	9.5	2.7
TBG BETONPUMPY MORAVA s.r.o.	Brno, CZ		84.90	2023	0.9	0.2
TBG VYSOČINA s.r.o.	Kožichovice, CZ		59.40	2023	2.1	0.4
Tercim S.a.s.	Guerville, FR		100.00	2023	0.2	-0.0
Terrain Plant (Holdings) Limited	Maidenhead, GB		100.00	2023	28.8	0.0
The Purfleet Ship to Shore Conveyor Company Limited	Maidenhead, GB		100.00	2023	0.1	–
Thistleton Quarries Limited	Maidenhead, GB		100.00	2023	-1.6	–
Tillotson Commercial Motors Limited	Maidenhead, GB		100.00	2023	-21.5	0.0
Tillotson Commercial Vehicles Limited	Maidenhead, GB		100.00	2023	0.0	–
Tilmanstone Brick Limited	Maidenhead, GB		100.00	2023	8.1	–
Timesound	Maidenhead, GB		100.00	2023	0.6	–
TLQ Limited	Edinburgh, GB		100.00	2023	0.0	–
TMC Pioneer Aggregates Limited	Maidenhead, GB		100.00	2023	0.0	–
Tunnel Cement Limited	Maidenhead, GB		100.00	2023	0.0	–
U.D.S. Holdings B.V.	's-Hertogenbosch, NL		100.00	2023	47.8	0.4
UDS (No 10)	Maidenhead, GB		100.00	2023	2,208.8	48.9
UDS (No 3) Limited	Maidenhead, GB		100.00	2023	6.5	–
UDS Corporation Limited	Maidenhead, GB		100.00	2023	0.0	–
UDS Finance Limited	Maidenhead, GB		100.00	2023	47.0	0.0
UDS Group Limited	Maidenhead, GB		100.00	2023	131.5	–
UDS Holdings (1) Limited	Maidenhead, GB		100.00	2023	234.3	–
UGI Group Limited	Maidenhead, GB		100.00	2023	111.1	–

Company name	Registered office	Direct ownership %	Group ownership %	Year[1]	Equity in € million[2]	Net income in € million[3]
United Gas Industries Limited	Maidenhead, GB		100.00	2023	13.4	–
Uniwerbéton S.a.s.	Heillecourt, FR		70.00	2023	0.3	0.1
V.E.A. Limited	St. Peter Port, GG		100.00	2023	186.3	0.5
Ventore S.L.	Madrid, ES		99.94	2023	0.0	0.1
Viewgrove Investments Limited	Maidenhead, GB		100.00	2023	0.0	–
Visionfocus Limited	Maidenhead, GB		100.00	2023	19.5	–
Visionrefine Limited	Maidenhead, GB		100.00	2023	-0.4	–
Volt RMC Solutions GmbH[7]	Heidelberg, DE		100.00	2023	12.0	0.0
Welbecson Group Limited	Maidenhead, GB		100.00	2023	-0.1	–
Wineholm Limited	Maidenhead, GB		100.00	2023	0.0	–
Subsidiaries						
North America						
Amangani SA	Panama City, PA		100.00	2023	-0.5	-0.0
Amcord, Inc.	Wilmington, US		100.00	2023	-20.0	-0.9
Anche Holdings Inc.	Panama City, PA		100.00	2023	0.0	-0.0
Asian Carriers Inc.	Panama City, PA		100.00	2023	33.5	0.3
Astravance Corp.	Panama City, PA		100.00	2023	5.0	–
Beazer East, Inc.	Wilmington, US		100.00	2023	-290.6	-54.0
Cambridge Aggregates Inc.	Cambridge, CA		60.00	2023	8.5	1.4
Carver Sand & Gravel, LLC[8]	Coeymans, US		100.00	–	–	–
Cavenham Forest Industries LLC	Wilmington, US		100.00	2023	-21.1	-2.9
Cindercrete Mining Supplies Ltd.[5]	Regina, CA		50.00	2023	3.6	0.6
Cindercrete Products Limited	Regina, CA		100.00	2023	14.2	0.7
Commercial Aggregates Transportation and Sales, LLC	Wilmington, US		100.00	2023	0.4	0.0
Constar LLC	Wilmington, US		100.00	2023	46.5	38.5
Corliss Resources, LLC	Dover, US		100.00	2023	9.8	2.7
County Line Quarry, LLC[8]	Wilmington, US		100.00	–	–	–
Cowichan Corporation	Panama City, PA		100.00	2023	0.5	-0.0
Erie Associates, LP[8]	Flourtown, US		100.00	–	–	–
Essex NA Holdings LLC	Wilmington, US		100.00	2023	47.7	0.0
Essroc Holdings LLC	Wilmington, US		100.00	2023	238.3	0.0
Gypsum Carrier, Inc.	Panama City, PA		100.00	2023	61.3	-0.3
Hanson Building Materials America LLC	Wilmington, US		100.00	2023	-30.5	4.6
Hanson Green Limited	Hamilton, BM		100.00	2023	0.1	–
Hanson Micronesia Cement, Inc.	Wilmington, US		100.00	2023	0.2	0.4

Company name	Registered office	Direct ownership %	Group ownership %	Year[1]	Equity in € million[2]	Net income in € million[3]
Hanson Permanente Cement of Guam, Inc.	Sacramento, US		100.00	2023	0.4	4.6
Hanson Permanente Cement, Inc.	Phoenix, US		100.00	2023	16.8	2.3
HBMA Holdings LLC	Wilmington, US		100.00	2023	8,592.4	143.6
Heidelberg Materials Canada Limited	Calgary, CA		100.00	2023	1,531.2	108.5
Heidelberg Materials Midwest Agg, Inc.	Frankfort, US		100.00	2023	525.8	149.1
Heidelberg Materials Northeast LLC	Wilmington, US		100.00	2023	303.2	20.5
Heidelberg Materials Northeast-NY LLC	Albany, US		100.00	2023	218.0	28.7
Heidelberg Materials Southeast Agg LLC	Wilmington, US		100.00	2023	472.4	106.6
Heidelberg Materials Southwest Agg 1 LLC	Austin, US		100.00	2023	0.0	0.0
Heidelberg Materials Southwest Agg LLC	Austin, US		100.00	2023	387.4	48.8
Heidelberg Materials TDPS LLC[9]	Wilmington, US		100.00	–	–	–
Heidelberg Materials US Cement LLC	Wilmington, US		100.00	2023	1,507.2	212.4
Heidelberg Materials US, Inc.	Wilmington, US		100.00	2023	8,338.1	-337.9
Highway Materials, LLC[8]	Wilmington, US		100.00	–	–	–
HM Northwest Cement Company	Tumwater, US		100.00	2023	15.9	9.0
HM Northwest Marine LLC	Wilmington, US		100.00	2023	1.4	0.0
HM Pacific Northwest, Inc.	Tumwater, US		100.00	2023	298.3	-20.3
HM SEFA Group, LLC	Lexington, US		100.00	2023	179.3	10.5
HM SEFA Transportation, LLC	Lexington, US		100.00	2023	13.9	6.7
HM South Texas Concrete LLC	Austin, US		100.00	2023	33.6	-9.6
HM South Texas Stabilized Sand LLC	Austin, US		100.00	2023	0.1	6.4
HM Southeast Cement LLC	Wilmington, US		100.00	2023	425.7	82.0
HM Trading Americas, LLC	Coral Gables, US		100.00	2023	5.6	2.4
HM US Receivables LLC	Wilmington, US		100.00	2023	27.9	15.0
HM US Services LLC	Wilmington, US		100.00	2023	-224.3	7.1
HNA Investments	Wilmington, US		100.00	2023	4,619.1	0.0
Kaiser Gypsum Company, Inc.	Raleigh, US		100.00	2023	-0.3	-1.1
KH 1 Inc.	Wilmington, US		100.00	2023	-0.1	-0.0
Lehigh Southwest Cement Company	Sacramento, US		100.00	2023	5.5	-18.1
LHI Duomo Holdings LLC	Wilmington, US		100.00	2023	-0.0	0.0
Mediterranean Carriers, Inc.	Panama City, PA		100.00	2023	-2.7	0.0
Permanente Cement Company[8]	Los Angeles, US		100.00	–	–	–
Pioneer International Overseas Corporation	Road Town, VG		100.00	2023	174.2	2.1
Rimarcal Corporation	Panama City, PA		100.00	2023	0.0	–

Company name	Registered office	Direct ownership %	Group ownership %	Year[1]	Equity in € million[2]	Net income in € million[3]
St. Thomas Development, LLC[8]	Wilmington, US		100.00	–	–	–
T.D.P.S. Materials, LP[8]	Flourtown, US		100.00	–	–	–
Three Rivers Management, Inc.	Wilmington, US		100.00	2023	–0.3	0.3
Subsidiaries						
Asia-Pacific						
Ace Greencemt Venture (M) Sdn Bhd	Kuala Lumpur, MY		100.00	2023	12.3	10.1
AGP Logistics (M) Sdn Bhd	Kuala Lumpur, MY		100.00	2023	1.6	0.2
Alex Fraser Asphalt Holdings Pty Ltd	Sydney, AU		100.00	2023	1.0	–0.0
Alex Fraser Asphalt Pty Ltd	Sydney, AU		100.00	2023	27.0	12.6
Alex Fraser Holdings Pty Ltd	Sydney, AU		100.00	2023	4.1	0.0
Alex Fraser Pty Ltd	Sydney, AU		100.00	2023	–18.5	–2.6
Asas Asia (M) Sdn Bhd	Kuala Lumpur, MY		100.00	2023	0.2	–0.1
Asia Cement Energy Conservation Co., Ltd.[5]	Bangkok, TH		39.59	2023	41.3	8.2
Asia Cement Products Co., Ltd.[5]	Bangkok, TH		39.59	2023	16.1	1.7
Asia Cement Public Company Limited[5]	Bangkok, TH		39.59	2023	263.9	23.8
Bitumix Granite Sdn Bhd	Kuala Lumpur, MY		100.00	2023	1.1	0.0
Calga Sands Pty Ltd	Sydney, AU		100.00	2023	7.6	–1.8
CBR Cement (Guangzhou) Company Limited	Guangzhou, CN		100.00	2023	2.2	0.3
Cemix Concrete (M) Sdn Bhd	Kuala Lumpur, MY		100.00	2023	6.7	4.8
CGF Pty Limited	Sydney, AU		100.00	2023	155.0	0.0
Christies Stone Quarries Pty Ltd	Sydney, AU		100.00	2023	0.0	0.0
Concrete Materials Laboratory Sdn Bhd[4]	Kuala Lumpur, MY		100.00	2023	0.0	0.0
Construction Materials Pty Ltd	Sydney, AU		100.00	2023	0.0	0.0
ELVIN GROUP (ACT) PTY LTD	Sydney, AU		100.00	2023	0.6	0.0
Excel Quarries Pty Limited	Sydney, AU		100.00	2023	0.1	0.0
Galli Quarries Pty Limited	Sydney, AU		100.00	2023	22.0	–0.0
Gerak Harapan Sdn Bhd	Kuala Lumpur, MY		70.00	2023	–0.3	–0.1
Gulbarga Cement Limited	Bangalore, IN		100.00	2024	33.6	–1.7
Hanson Australia Cement (2) Pty Ltd	Sydney, AU		100.00	2023	73.7	23.6
Hanson Australia Cement Pty Limited	Sydney, AU		100.00	2023	75.3	23.6
Hanson Australia Funding Limited	Sydney, AU		100.00	2023	42.6	0.0
Hanson Australia Investments Pty Limited	Sydney, AU		100.00	2023	15.9	4.3
Hanson Building Materials Cartage Sdn Bhd	Kuala Lumpur, MY		100.00	2023	0.9	0.1
Hanson Building Materials Malaysia Sdn Bhd	Kuala Lumpur, MY		100.00	2023	18.8	2.7
Hanson Building Materials Manufacturing Sdn Bhd[4]	Kuala Lumpur, MY		100.00	2023	0.6	0.1
Hanson Building Materials Production Sdn Bhd	Kuala Lumpur, MY		100.00	2023	12.1	0.4
Hanson Cement Holdings Pty Ltd	Sydney, AU		100.00	2023	10.0	4.2
Hanson Holdings (M) Sdn Bhd	Kuala Lumpur, MY		100.00	2023	10.8	–0.7
Hanson Pty Limited	Sydney, AU		100.00	2023	2,490.6	0.0
Hanson Quarries Victoria Pty Limited	Sydney, AU		100.00	2023	0.5	0.0
Hanson Quarry Products (Batu Pahat) Sdn Bhd	Kuala Lumpur, MY		100.00	2023	0.1	–0.0
Hanson Quarry Products (EA) Sdn Bhd[4]	Kuala Lumpur, MY		100.00	2023	0.0	–0.0
Hanson Quarry Products (Holdings) Sdn Bhd	Kuala Lumpur, MY		100.00	2023	25.5	–0.0
Hanson Quarry Products (Land) Sdn Bhd	Kuala Lumpur, MY		100.00	2023	0.6	–0.0
Hanson Quarry Products (Masai) Sdn Bhd	Kuala Lumpur, MY		100.00	2023	2.0	0.7
Hanson Quarry Products (Segamat) Sdn Bhd	Kuala Lumpur, MY		100.00	2023	0.8	0.1
Hanson Quarry Products (Tempoyak) Sdn Bhd	Kuala Lumpur, MY		100.00	2023	–1.7	0.0
Hanson Quarry Products (Terengganu) Sdn Bhd	Kuala Lumpur, MY		100.00	2023	0.7	0.0
Hanson Quarry Products Sdn Bhd	Kuala Lumpur, MY		100.00	2023	23.8	2.6
HC Trading (India) Private Limited	Hyderabad, IN		100.00	2024	0.2	–0.0
Heidelberg Materials Asia Pte. Ltd.	Singapore, SG		100.00	2023	–3.5	–8.0
HEIDELBERG MATERIALS AUSTRALIA FINANCE LTD	Sydney, AU		100.00	2023	74.1	5.2
HEIDELBERG MATERIALS AUSTRALIA GROUP HOLDINGS PTY LTD	Sydney, AU		100.00	2023	859.9	111.2
HEIDELBERG MATERIALS AUSTRALIA GROUP PTY LTD	Sydney, AU		100.00	2023	827.6	–4.7
HEIDELBERG MATERIALS AUSTRALIA HOLDINGS PTY LTD	Sydney, AU		100.00	2023	23.6	–5.1
HEIDELBERG MATERIALS AUSTRALIA PTY LTD	Sydney, AU		100.00	2023	11.5	–3.1
HEIDELBERG MATERIALS AUSTRALIA RESOURCE RECOVERY PTY LTD	Sydney, AU		100.00	2023	21.9	9.9
Heidelberg Materials Bangladesh PLC	Narayanganj, BD		60.66	2023	29.6	3.9
Heidelberg Materials Butra Sdn Bhd	Muara, BN		70.00	2023	4.9	1.5

Company name	Registered office	Direct ownership %	Group ownership %	Year[1]	Equity in € million[2]	Net income in € million[3]
HeidelbergCement (Hong Kong) Company Limited	Hong Kong S.A.R., CN		100.00	2023	0.3	0.1
HeidelbergCement Holding HK Limited	Hong Kong S.A.R., CN		100.00	2023	62.3	65.4
HeidelbergCement India Limited	Gurugram, IN		69.39	2024	163.5	18.5
HeidelbergCement Myanmar Company Limited	Yangon, MM		100.00	2023	0.2	0.0
HM Trading Global (APAC) Pte. Ltd.	Singapore, SG		100.00	2023	5.1	1.9
Hymix Australia Pty Ltd	Sydney, AU		100.00	2023	105.7	24.4
Jalaprathan Cement Public Company Limited[5]	Bangkok, TH		35.17	2023	110.8	-0.7
Jalaprathan Concrete Co., Ltd.[5]	Bangkok, TH		35.17	2023	8.7	0.9
Naga Property Co., Ltd.[5]	Bangkok, TH		35.17	2023	0.2	0.0
Pioneer Concrete (Tasmania) Proprietary Limited	Sydney, AU		100.00	2023	5.1	0.0
Pioneer Concrete Services (Malaysia) S/B[4]	Petaling Jaya, MY		100.00	2023	0.0	0.0
Pioneer International Holdings Pty Ltd	Sydney, AU		100.00	2023	131.5	-0.0
Pioneer North Queensland Pty Ltd	Sydney, AU		100.00	2023	11.2	2.9
Placecrete Australia Pty Ltd	Sydney, AU		100.00	2023	1.5	0.7
PT Bahana Indonor	Jakarta, ID		56.03	2023	16.4	3.9
PT Bhakti Sari Perkasa Abadi	Bogor Regency, ID		56.03	2023	1.4	0.2
PT Cipta Armada Bersama	Bogor Regency, ID		56.03	2023	8.1	0.8
PT Dian Abadi Perkasa	Jakarta, ID		56.03	2023	66.5	14.8
PT Indocement Tunggal Prakarsa Tbk.	Jakarta, ID	56.04	56.04	2023	1,171.9	129.4
PT Indomix Perkasa	Jakarta, ID		56.04	2023	30.8	0.0
PT Kencana Terang Sejahtera	Jakarta, ID		56.03	2023	0.0	-0.0
PT Lentera Abadi Sejahtera	Jakarta, ID		56.04	2023	0.0	0.0
PT Lintas Bahana Abadi	Jakarta, ID		56.03	2023	4.8	0.7
PT Makmur Abadi Perkasa Mandiri	Jakarta, ID		56.04	2023	0.0	0.0
PT Makmur Lestari Abadi	Jakarta, ID		56.03	2023	0.2	-0.0
PT Makmur Lestari Indonesia	Jakarta, ID		56.03	2023	0.4	-0.0
PT Makmur Lestari Sentosa	Jakarta, ID		56.03	2023	0.0	-0.0
PT Mandiri Sejahtera Sentra	Purwakarta, ID		56.03	2023	40.7	0.8
PT Mineral Industri Sukabumi	Jakarta, ID		56.03	2023	3.9	0.0
PT Multi Bangun Galaxy	Lombok, ID		56.03	2023	11.7	-0.1
PT Pionirbeton Industri	Jakarta, ID		56.04	2023	3.7	1.3
PT Sahabat Muliasakti	Pati, ID		56.03	2023	-0.1	-0.0
PT Sari Bhakti Sejati	Jakarta, ID		56.04	2023	1.0	0.0

Company name	Registered office	Direct ownership %	Group ownership %	Year[1]	Equity in € million[2]	Net income in € million[3]
PT Semen Grobogan	Semarang, ID		56.04	2023	46.9	10.6
PT Semesta Perkasa Cipta	Bogor Regency, ID		56.03	2023	1.9	0.0
PT Sinar Sakti Agung	Jakarta, ID		56.03	2023	-0.0	-0.0
PT Tarabatuh Manunggal	Bogor Regency, ID		56.03	2023	27.8	1.3
PT Terang Prakarsa Cipta	Medan, ID		56.04	2023	-0.0	0.0
PT Tigaroda Rumah Sejahtera	Jakarta, ID		56.04	2023	1.5	-0.1
PT Tiro Abadi Perkasa	Jakarta, ID		56.03	2023	0.0	-0.0
Queensland Recycling Holdings Pty Ltd	Sydney, AU		100.00	2023	2.5	0.0
Queensland Recycling Pty Ltd	Sydney, AU		100.00	2023	2.2	1.0
Rajang Perkasa Sdn Bhd	Kuala Lumpur, MY		60.00	2023	0.6	0.1
Realistic Sensation Sdn Bhd	Kuala Lumpur, MY		69.98	2023	1.7	0.1
Recycling Industries Pty Ltd	Sydney, AU		100.00	2023	16.4	4.9
Sofinaz Holdings Sdn Bhd	Kuala Lumpur, MY		100.00	2023	0.4	0.1
South Coast Basalt Pty Ltd	Sydney, AU		100.00	2023	7.0	2.0
Suncoast Asphalt Pty Ltd	Sydney, AU		100.00	2023	1.7	1.5
Tanah Merah Quarry Sdn Bhd	Kuala Lumpur, MY		100.00	2023	-1.7	0.1
Traino Group Australia Pty Ltd	Sydney, AU		70.00	2023	-3.7	-5.2
Valscot Pty Limited	Sydney, AU		100.00	2023	0.0	0.0
Vaniyuth Co., Ltd.[5]	Bangkok Metropolis, TH		49.00	2023	60.8	1.7
Waterfall Quarries Pty Limited	Sydney, AU		100.00	2023	0.0	0.0
West Coast Premix Pty Ltd	Sydney, AU		100.00	2023	-1.8	0.0
Western Suburbs Concrete Partnership[5]	Sydney, AU		50.00	2024	4.8	7.4
XL Premix Pty Ltd	Sydney, AU		51.00	2024	-4.2	-1.2
Zuari Cement Ltd.	Bangalore, IN		100.00	2024	164.2	-5.5
Subsidiaries						
Africa-Mediterranean-Western Asia						
ACH Investments Limited	Ebene, MU		100.00	2023	19.7	4.7
ATLANTIC CIMENT	Casablanca, MA		51.00	2023	2.0	0.0
Austral Cimentos Sofala S.A.	Dondo, MZ		100.00	2023	13.3	6.2
BETOSAHA SA[5]	Laâyoune, MA		26.01	2023	0.9	1.4
Bukhtarma Cement Company LLP	Oktyabrskiy village, KZ		100.00	2023	33.9	-2.0
Calcim S.A.	Cotonou, BJ		90.00	2023	1.4	0.1
CaspiCement Limited Liability Partnership	Shetpe, KZ		100.00	2023	56.1	6.0
Caspinerud Limited Liability Partnership	Shetpe, KZ		100.00	2023	2.6	-0.1
Cimbenin S.A.	Cotonou, BJ		87.95	2023	16.6	2.7
CimBurkina S.A.	Ouagadougou, BF		80.00	2023	37.1	5.1

Company name	Registered office	Direct ownership %	Group ownership %	Year[1]	Equity in € million[2]	Net income in € million[3]
Cimenterie de Lukala S.A.	Kinshasa, CD		91.02	2023	15.8	–14.6
Ciments du Maroc S.A.	Casablanca, MA		51.00	2023	151.0	79.0
Ciments du Togo SA	Lomé, TG		99.63	2023	37.3	–3.3
DECOM Egyptian Co for Development of Building Materials S.A.E.[5]	Cairo, EG		38.86	2023	6.7	0.4
Ghacem Ltd.	Tema, GH		93.10	2023	18.5	26.3
GRANUBENIN SA avec CA[4]	Cotonou, BJ		90.00	2023	0.0	0.0
Granuburkina SA[8]	Ouagadougou, BF		100.00	–	–	–
Hanson (Israel) Ltd	Ramat Gan, IL		99.98	2023	122.2	8.8
Hanson Quarry Products (Israel) Ltd	Ramat Gan, IL		99.98	2023	74.5	1.2
Hanson Yam Limited Partnership	Ramat Gan, IL		99.98	2023	8.2	1.1
HEIDELBERG MATERIALS DIGITAL HUB GHANA LTD[9]	Tema, GH		100.00	–	–	–
Heidelberg Materials- Helwan Cement S.A.E.	Helwan/Greater Cairo, EG		74.40	2023	32.1	4.5
Heidelberg Materials Kazakhstan LLP	Almaty, KZ		100.00	2023	0.1	0.1
Heidelberg Materials- Suez Cement S.A.E.	Cairo, EG		74.74	2023	49.4	–4.2
Heidelberg Materials- Tourah Cement S.A.E.	Cairo, EG		69.93	2023	–69.1	–11.6
HeidelbergCement Afrique Service	Lomé, TG		94.43	2023	–0.0	0.0
HeidelbergCement Services – LLP	Almaty, KZ		100.00	2023	–0.1	0.9
HM Trading Middle East FZE FZCO	Dubai, AE		100.00	2023	0.6	0.1
Industrie Sakia El Hamra "Indusaha" S.A.[5]	Laâyoune, MA		46.41	2023	16.4	14.3
Interbulk Egypt for Export S.A.E.	Cairo, EG		100.00	2023	–0.2	–0.0
La Societe GRANUTOGO SA	Lomé, TG		90.00	2023	2.8	0.2
Liberia Cement Corporation Ltd.	Monrovia, LR		81.67	2023	33.6	5.6
LLC "HeidelbergCement Rus"	Slantsy, RU		100.00	2023	249.3	59.4
LLC "Norcem Kola"	Murmansk, RU		100.00	2023	–0.3	0.0
LLC KaliningradCement	Kaliningrad, RU		100.00	2023	0.1	–0.8
MAMBA CEMENT COMPANY LIMITED	Dar es Salaam, TZ		65.82	2023	0.4	–0.2
OJSC "Cesla"	Slantsy, RU		99.98	2023	3.5	–2.7
OJSC Gurovo-Beton	Novogurovsky, RU		100.00	2023	4.9	0.7
Pioneer Beton Muva Umachzavot Ltd	Ramat Gan, IL		99.98	2023	0.2	0.0
Procimar S.A.	Casablanca, MA		100.00	2023	144.1	13.1
Scantogo Mines SA	Lomé, TG		90.00	2023	36.4	–4.3
ShymkentCement LLP	Shymkent, KZ		100.00	2023	48.9	7.9
Stone Quarries Hanson Ltd.[8]	Ramat Gan, IL		69.99	–	–	–

Company name	Registered office	Direct ownership %	Group ownership %	Year[1]	Equity in € million[2]	Net income in € million[3]
Suez for Transportation & Trade S.A.E.	Cairo, EG		74.07	2023	0.4	0.0
Tadir Readymix Concrete (1965) Ltd	Ramat Gan, IL		100.00	2023	0.7	0.1
Tanga Cement PLC	Tanga, TZ		68.33	2023	19.4	–23.1
Tanzania Portland Cement Public Limited Company	Dar es Salaam, TZ		69.25	2023	115.2	37.0
Teracem Limited	Accra, GH		100.00	2023	0.0	–0.2
Universal Company for Ready Mix Concrete Production S.A.E.[5]	Cairo, EG		38.86	2023	14.0	1.2
West Africa Quarries Limited	Tema, GH		83.79	2023	1.9	0.3
Joint Operations						
Europe						
Atlantica de Graneles y Moliendas S.A.	Zierbena-Vizcaya, ES		49.97	2023	–21.2	0.0
Joint Operations						
North America						
Terrell Materials LLC	Frisco, US		50.00	2023	13.5	10.0
Joint Operations						
Asia-Pacific						
Lytton Unincorporated Joint Venture	Sydney, AU		50.00	2023	0.0	0.0
Joint Ventures						
Europe						
ABE Deponie GmbH	Damsdorf, DE		50.00	2023	3.8	0.5
AS Betongpumping	Våler i Østfold, NO		50.00	2023	0.6	–0.1
Betong Øst AS	Kongsvinger, NO		50.00	2023	10.9	2.7
Betong Vest AS	Blomsterdalen, NO		40.00	2023	3.2	0.0
BETONMIX DOPRAVA s.r.o.[6] [9]	Brno, CZ		66.00	2023	0.0	0.0
BT Topbeton Sp. z o.o.	Gorzów Wielkopolski, PL		50.00	2023	6.5	1.1
Carrières Bresse Bourgogne S.A.	Épervans, FR		33.26	2023	5.7	0.6
CEEM Investment Fund B.V.	's-Hertogenbosch, NL		50.00	2023	54.2	17.9
CEMET S.A.	Warszawa, PL		42.91	2023	25.6	4.5
Concrete Italia S.r.l.[6]	Brescia, IT		51.00	2023	0.5	0.5
Continental Blue Investment SA	Buchs, CH		50.00	2023	31.9	0.3
Cugla B.V.	Breda, NL		50.00	2023	10.5	5.5
Devnya Limestone AD, Chernevo	Chernevo Village, BG		49.97	2023	14.5	0.8
Donau Kies GmbH & Co. KG[6]	Fürstenzell, DE		75.00	2023	6.1	0.1
DONAU MÖRTEL – GmbH & Co. KG	Neuburg a. Inn, DE		50.00	2023	0.1	–0.1
Dragages et Carrières S.A.	Épervans, FR		50.00	2023	5.0	0.6

Company name	Registered office	Direct ownership %	Group ownership %	Year[1]	Equity in € million[2]	Net income in € million[3]
Drew Group Holdings Limited	New Milton, GB		49.00	2023	0.0	–
Duna-Dráva Cement Kft.	Vác, HU		50.00	2023	180.2	38.9
Fraimbois Granulats S.à r.l.	Fraimbois, FR		50.00	2023	0.1	0.1
GENAMO Gesellschaft zur Entwicklung des Naherholungsgebietes Misburg-Ost mbH	Hannover, DE	50.00	50.00	2023	3.6	0.3
Hafenbetriebsgesellschaft mbH & Co KG Stade	Stade, DE		50.00	2023	0.5	-0.0
Harri Green Recycling, S.L.	Abanto y Ciérvana, ES		50.00	2023	0.3	0.0
Heidelberg Materials Donau-Iller GmbH & Co. KG[6]	Elchingen, DE		82.38	2023	0.8	0.1
Heidelberg Mobile UAB	Kaunas, LT		45.00	2023	0.0	0.0
Heidelberger Betonpumpen Simonis GmbH & Co. KG[6]	Ubstadt-Weiher, DE		65.29	2023	2.5	0.7
Humber Sand and Gravel Limited	Coventry, GB		50.00	2023	-0.9	0.0
KANN Beton GmbH & Co KG	Bendorf, DE		50.00	2023	0.9	1.5
Kieswerk Langsdorf GmbH[6]	Jarmen, DE		62.45	2023	0.9	-0.0
Kieswerke Flemmingen GmbH[6]	Penig, DE		54.00	2023	3.7	0.1
Les Graves de l'Estuaire S.a.s.	Le Havre, FR		50.00	2023	0.0	-1.4
LOMY MOŘINA spol. s r.o.	Mořina, CZ		48.95	2023	11.9	0.4
M og S ehf.[8]	Akureyri, IS		26.23	–	–	–
MERMANS BETON N.V.	Arendonk, BE		50.00	2023	-0.1	-0.3
North Tyne Roadstone Limited	Birmingham, GB		50.00	2023	-2.1	-0.2
Pražské betonpumpy a doprava s.r.o.	Praha, CZ		50.00	2023	3.3	0.3
Raunheimer Quarzsand GmbH & Co. KG	Raunheim, DE		50.00	2023	0.8	1.3
SCL S.A.	Heillecourt, FR		50.00	2023	0.1	-0.0
SPS S.a.s.	Pont de l'Arche, FR		50.00	2023	3.1	-0.7
Tangen Eiendom AS	Brevik, NO		50.00	2023	3.4	0.2
TBG Bayerwald Transportbeton GmbH & Co. KG	Fürstenzell, DE		50.00	2023	0.7	0.1
TBG Ilm-Beton GmbH & Co. KG[6]	Arnstadt, DE		55.00	2023	0.7	0.1
TBG METROSTAV s.r.o.	Praha, CZ		50.00	2023	14.8	1.3
TBG Plzeň Transportbeton s.r.o.[6]	Beroun, CZ		50.10	2023	3.3	0.7
TBG Rott Kies und Transportbeton GmbH	Kelheim, DE		38.85	2023	0.7	0.2
TBG SEVEROZÁPADNÍ ČECHY s.r.o.[6]	Chomutov, CZ		66.00	2023	2.2	0.6
TBG SWIETELSKY s.r.o.[6]	České Budějovice, CZ		51.00	2023	2.2	1.0
TBG Transportbeton GmbH & Co. KG Betonpumpendienst[6]	Nabburg, DE		55.54	2023	0.2	0.6
TBG Transportbeton GmbH & Co. KG Naabbeton	Nabburg, DE		50.00	2023	4.4	1.7
TBG Transportbeton Oder-Spree GmbH & Co. KG	Wriezen, DE		50.00	2023	1.5	0.6
TBG Transportbeton Werner GmbH & Co. KG	Dietfurt a.d. Altmühl, DE		38.85	2023	0.1	0.2
TBG Východní Čechy s.r.o.[6]	Mladé Buky, CZ		70.04	2023	2.1	0.5
Transportbeton Johann Braun GmbH & Co. KG	Tröstau, DE		50.00	2023	0.7	0.6
Trapobet Transportbeton GmbH Kaiserslautern Kommanditgesellschaft	Kaiserslautern, DE		50.00	2023	1.0	2.3
Joint Ventures						
North America						
American Stone Company	Raleigh, US		50.00	2023	3.2	1.0
BP General Partner Ltd.[8]	Winnipeg, CA		50.00	–	–	–
Building Products & Concrete Supply Limited Partnership	Winnipeg, CA		50.00	2023	12.2	6.2
Bulk Silos LLC	Mendota Heights, US		50.00	2023	0.0	-0.0
C&C Rock, LLC[8]	Coeymans, US		50.00	–	–	–
Capital District Green Asphalt, LLC[8]	Coeymans, US		50.00	–	–	–
China Century Cement Ltd.	Hamilton, BM		50.00	2023	155.1	5.0
Jack Cewe Construction Ltd.	Coquitlam, CA		50.00	2023	12.9	1.6
Project Potter Parent, L.P.	Grand Cayman, KY		43.82	2024	53.1	-71.0
Red Bluff Sand & Gravel, L.L.C.	Birmingham, US		50.00	2023	7.0	0.3
Sunset Quarry, L.L.C.	Tacoma, US		50.00	2023	0.1	-0.1
Texas Lehigh Cement Company LP	Austin, US		50.00	2023	189.5	66.1
Joint Ventures						
Asia-Pacific						
Alliance Construction Materials Limited	Hong Kong S.A.R., CN		50.00	2023	27.4	1.0
Cement Australia Holdings Pty Ltd	Darra, AU		50.00	2023	193.7	45.0
Cement Australia Partnership	Darra, AU		50.00	2023	94.7	133.6
Cement Australia Pty Limited	Darra, AU		50.00	2023	0.0	0.0
Easy Point Industrial Ltd.	Hong Kong S.A.R., CN		50.00	2023	-0.1	-0.1
Jidong Heidelberg (Fufeng) Cement Company Limited	Baoji City, CN		48.11	2023	77.2	13.7
Jidong Heidelberg (Jingyang) Cement Company Limited	Xianyang City, CN		50.00	2023	72.3	13.7
M&H Quarries Partnership	Sydney, AU		50.00	2023	-3.2	-0.3

Company name	Registered office	Direct ownership %	Group ownership %	Year[1]	Equity in € million[2]	Net income in € million[3]
Metromix Pty Limited	Parramatta, AU		50.00	2023	17.8	-0.2
Penrith Lakes Development Corporation Pty Limited	Castlereagh, AU		20.00	2024	-136.1	-24.9
Squareal Cement Ltd	Hong Kong S.A.R., CN		50.00	2023	109.8	6.2
Joint Ventures						
Africa-Mediterranean-Western Asia						
Akçansa Çimento Sanayi ve Ticaret A.Ş.	Ataşehir/Istanbul, TR	39.72	39.72	2023	292.7	93.5
JSC "Mineral Resources Company"	Ishimbay, RU		50.00	2023	12.5	1.3
Associates						
Europe						
AS Betongtransport[8]	Våler i Østfold, NO		49.00	–	–	–
Béton Contrôle des Abers S.a.s.	Lannilis, FR		34.00	2023	7.7	0.9
Betuwe Beton Holding B.V.	Tiel, NL		50.00	2023	10.0	1.5
bihek GmbH	Freiburg im Breisgau, DE		24.00	2023	0.0	-0.1
C.V. Projectbureau Grensmaas	Born, NL		8.24	2023	10.5	-3.7
Construction Logistics Sweden AB	Johanneshov, SE		49.00	2023	0.5	0.1
Dijon Béton S.A.	Saint-Apollinaire, FR		15.00	2023	8.8	0.4
Ernst Marschall GmbH & Co. KG Kies- und Schotterwerke	Kressbronn, DE		19.96	2023	4.0	1.6
Fertigbeton (FBU) GmbH & Co Kommanditgesellschaft Unterwittbach[6]	Kreuzwertheim, DE		57.14	2023	0.2	-0.0
Foundamental CM Fund GmbH & Co. KG[6] [9]	Berlin, DE		73.01	–	–	–
Foundamental GmbH & Co. KG[6]	Berlin, DE		100.00	2023	42.7	-3.6
Foundamental Rebel Fund GmbH & Co. KG[9]	Berlin, DE		26.73	–	–	–
Foundamental Revolution Fund GmbH & Co. KG[6]	Berlin, DE		59.71	2023	32.0	-3.5
Heidelberg Materials Grenzland GmbH & Co. KG	Marktredwitz, DE		50.00	2023	0.4	2.6
Heidelberger Beton Inntal GmbH & Co. KG[6]	Altötting, DE		68.39	2023	0.6	0.8
ISAR-DONAU MÖRTEL-GmbH & Co. KG	Plattling, DE		33.33	2023	0.9	-0.0
Kronimus Aktiengesellschaft	Iffezheim, DE	24.90	24.90	2023	51.0	5.3
Kronimus SAS	Maizières-lès-Metz, FR		43.60	2023	7.6	0.7
Maasgrind B.V.	Maasbracht, NL		16.48	2023	0.4	-0.4
Maasgrind Ontwikkeling B.V.	Maasbracht, NL		16.48	2023	0.1	0.0
Materiaux Traites du Hainaut S.A.	Antoing, BE		50.00	2023	0.5	-0.0
Misburger Hafengesellschaft mit beschränkter Haftung	Hannover, DE	39.66	39.66	2023	1.5	0.2
Münchner Mörtel GmbH & Co. KG	München, DE		20.00	2023	0.1	-0.0
Nederlands Cement Transport Cetra B.V.	Oss, NL		50.00	2023	1.4	0.3
Panheel (Maatschappij tot Exploitatie van het Ontgrondingsproject Panheel) B.V.	Maasbracht, NL		16.48	2023	0.3	-0.0
Peene Kies GmbH	Jarmen, DE		24.90	2023	3.4	0.3
Raunheimer Sand- und Kiesgewinnung Blasberg GmbH & Co. KG	Raunheim, DE		23.53	2023	0.5	0.4
Recybel S.A.	Flémalle, BE		25.50	2023	0.5	-0.1
Recyfuel S.A.	Engis, BE		50.00	2023	14.3	1.7
Ribe Betong AS	Kristiansand, NO		40.00	2023	3.6	1.1
SP Bohemia, k.s.[6]	Králův Dvůr, CZ		75.00	2023	12.1	0.8
Stinkal S.a.s.	Ferques, FR		35.00	2023	-13.5	-3.9
Südbayerisches Portland-Zementwerk Gebr. Wiesböck & Co. GmbH	Rohrdorf, DE	23.90	23.90	2023	808.9	71.5
Sylteosen Betong AS	Elnesvågen, NO		39.94	2023	2.9	0.4
TBG Deggendorfer Transportbeton GmbH	Deggendorf, DE		33.33	2023	1.3	0.9
TBG Louny s.r.o.	Louny, CZ		33.33	2023	1.0	0.4
TBG PKS a.s.	Žďár nad Sázavou, CZ		29.70	2023	4.4	0.2
TBG PODIVÍN s.r.o.	Brno, CZ		33.00	2023	1.2	0.1
TBG Singen GmbH & Co. KG	Singen, DE		36.90	2023	0.3	-0.1
TBG Transportbeton Caprano GmbH & Co. KG	Heidelberg, DE		50.00	2023	0.3	0.5
TBG Transportbeton Gesellschaft mit beschränkter Haftung & Co. KG. Hohenlohe	Schwäbisch Hall, DE		25.00	2023	0.0	0.0
TBG Transportbeton GmbH & Co.KG Lohr-Beton	Lohr am Main, DE		50.00	2023	0.2	0.4
Transbeton Gesellschaft mit beschränkter Haftung & Co Kommanditgesellschaft	Löhne, DE		27.34	2023	3.0	2.0
Van Zanten Holding B.V.	Leek, NL		25.00	2023	7.8	1.3
Vassiliko Cement Works Ltd.	Nicosia, CY		25.96	2023	257.2	27.8
Zement- und Kalkwerke Otterbein GmbH & Co. KG	Großenlüder-Müs, DE	38.10	38.10	2023	4.2	1.9
Associates						
North America						
Cemstone Products Company	Mendota Heights, US		35.32	2023	105.4	13.3
Cemstone Ready-Mix, Inc.	Mendota Heights, US		33.01	2023	15.2	2.2
Giatec Scientific, Inc.	Ottawa, CA		25.10	2024	5.8	-3.1

Company name	Registered office	Direct ownership %	Group ownership %	Year[1]	Equity in € million[2]	Net income in € million[3]
Innocon Inc.	Richmond Hill, CA		45.00	2023	17.3	-2.3
Innocon Partnership	Richmond Hill, CA		45.00	2023	-17.0	-4.7
Associates						
Asia-Pacific						
PT Bhakti Sari Perkasa Bersama	Bogor Regency, ID		16.81	2023	1.6	0.2
PT Cibinong Center Industrial Estate	Bogor Regency, ID		28.02	2023	6.4	1.0
PT Jaya Berdikari Cipta	Bogor Regency, ID		28.01	2023	7.2	2.2
PT Pama Indo Mining	Jakarta, ID		22.41	2023	3.8	0.8
PT Samudra Harmoni Prakarsa[9]	Jakarta, ID		28.01	-	-	-
PT Tripa Semen Aceh	Jakarta, ID		20.83	2023	-0.5	0.0
Associates						
Africa-Mediterranean-Western Asia						
Asment Temara S.A.	Témara, MA		37.01	2023	45.4	27.2
CEMZA (PTY) LTD[8]	Midrand, ZA		40.00	-	-	-
Fortia Cement S.A.	Lomé, TG		50.00	2023	0.9	-3.7
Tecno Gravel Egypt S.A.E.	Cairo, EG		33.63	2023	1.6	0.2
The following subsidiaries are accounted for at amortised cost due to their immateriality.						
Immaterial subsidiaries						
Europe						
3G JONICA S.C.A.R.L.	Bergamo, IT		55.00	2023	0.3	0.1
Azer-E.S. Limited Liability Company	Baku, AZ	100.00	100.00	2023	-5.5	-1.5
Azienda Agricola Lodoletta S.r.l.	Bergamo, IT		85.00	2023	1.4	0.1
Betotech Baustofflabor GmbH	Heidelberg, DE	100.00	100.00	2023	0.3	-0.1
Betotech GmbH, Baustofftechnisches Labor	Nabburg, DE		72.08	2023	0.1	-0.0
Cava delle Capannelle S.r.l.	Bergamo, IT		100.00	2023	0.5	0.0
Centrum Technologiczne Betotech Sp. z o.o.	Dąbrowa Górnicza, PL		100.00	2023	0.8	0.1
Cowlishaw, Walker Co., Limited[8]	London, GB		100.00	-	-	-
CSPS Trustees Limited[8]	Maidenhead, GB		100.00	-	-	-
Donau Kies Bohemia Verwaltungs, s.r.o.	Pilsen, CZ		75.00	2023	0.0	0.0
Entreprise Lorraine d'Agriculture – ELDA S.à r.l.	Heillecourt, FR		100.00	2023	0.1	-0.0
Etablissement F.S. Bivois SARL	Strasbourg, FR		60.00	2023	0.2	0.0
Eurotech Cement S.h.p.k.	Durrës, AL		92.42	2023	2.2	1.5
Fastighets AB Lövholmen 1	Stockholm, SE		100.00	2023	0.0	0.0
Fastighets AB Lövholmen 2	Stockholm, SE		100.00	2023	0.0	0.0
Fastighets AB Lövholmen 3	Stockholm, SE		100.00	2023	0.0	0.0
Fastighets AB Lövholmen 4	Stockholm, SE		100.00	2023	0.0	0.0
Fastighets AB Lövholmen 5	Stockholm, SE		100.00	2023	0.0	0.0
Fastighets AB Lövholmen 6	Stockholm, SE		100.00	2023	0.0	0.0
Fastighets AB Lövholmen 7	Stockholm, SE		100.00	2023	0.0	0.0
Fastighets AB Lövholmen 8	Stockholm, SE		100.00	2023	0.0	0.0
Fastighets AB Lövholmen 9	Stockholm, SE		100.00	2023	0.0	0.0
Fastighets AB Lövholmen 10	Stockholm, SE		100.00	2023	0.0	0.0
Fastighets AB Lövholmen 11	Stockholm, SE		100.00	2023	0.0	0.0
Ferme de Wisempierre SRL	Antoing, BE		100.00	2023	1.8	0.0
FjordLab AS	Jelsa, NO		60.00	2023	0.1	-0.0
Gardena Beton S.C.A.R.L.	Bergamo, IT		51.00	2023	0.1	-0.0
Garonne Labo S.à r.l.[5]	St Léger, FR		40.05	2023	0.0	0.0
Geo Nieruchomości Sp. z o.o.	Chorula, PL		100.00	2023	0.0	-0.0
GIE GM	Guerville, FR		100.00	2023	-0.0	-0.0
Hanson (ER-No 3) Limited[8]	London, GB		100.00	-	-	-
HConnect GmbH	Heidelberg, DE		100.00	2023	0.0	0.0
Heidelberg Materials Betonelemente DE Verwaltungs-GmbH	Chemnitz, DE		83.00	2023	0.1	0.0
Heidelberg Materials Digital Hub Brno, s.r.o.	Brno, CZ		100.00	2023	4.1	0.5
Heidelberg Materials Donau-Naab Verwaltungsgesellschaft mbH	Burglengenfeld, DE		77.70	2023	0.0	0.0
Heidelberg Materials France Participations[9]	Courbevoie, FR		100.00	-	-	-
Heidelberg Materials Gersdorf GmbH & Co. KG	Gersdorf, DE		65.00	2023	0.1	0.0
Heidelberg Materials Gersdorf Verwaltungs-GmbH	Gersdorf, DE		65.00	2023	0.0	0.0
Heidelberg Materials Grundstücks-verwaltungsgesellschaft DE mbH	Heidelberg, DE	100.00	100.00	2023	0.1	0.0
Heidelberg Materials Personal Service DE GmbH	Heidelberg, DE		100.00	2023	0.1	0.0
Heidelberg Materials Shared Services DE GmbH	Leimen, DE	100.00	100.00	2023	2.3	-0.1
Heidelberg Materials, Funk & Kapphan Grundstücksverwaltungsgesellschaft DE mbH	Heidelberg, DE	80.00	80.00	2023	0.0	0.0

Company name	Registered office	Direct ownership %	Group ownership %	Year[1]	Equity in € million[2]	Net income in € million[3]
HSustainability GmbH	Heidelberg, DE		100.00	2023	0.0	0.0
Lindustries (D) Limited[8]	London, GB		100.00	–	–	–
Lithonplus Verwaltungs-GmbH	Lingenfeld, DE		60.00	2023	0.0	0.0
Matériaux de Boran S.A.	Tourcoing, FR		99.76	2023	-0.0	-0.0
MIBAU STEMA S&G Aabenraa ApS[8]	Aabenraa, DK		60.00	–	–	–
MIXT Sp. z o.o.	Chorula, PL		100.00	2023	0.6	-0.0
MM MAIN-MÖRTEL GmbH & Co.KG	Kleinostheim, DE		84.19	2023	0.1	0.3
MM MAIN-MÖRTEL Verwaltungs-gesellschaft mbH	Aschaffenburg, DE		84.19	2023	0.0	0.0
MS "Wesertrans" Verwaltungsgesellschaft mbH	Elsfleth, DE		75.00	2023	0.0	0.0
MTE Mineralstoff Terminal Emden GmbH	Emden, DE		60.00	2023	0.2	0.0
NOHA Norddeutsche Hafenumschlags-gesellschaft mbH	Cadenberge, DE		60.00	2023	0.1	0.0
Podgrodzie Sp. z o.o.	Raciborowice Górne, PL		100.00	2023	0.1	-0.3
Polgrunt Sp. z o.o.	Chorula, PL		100.00	2023	2.6	-0.2
Rederij Cement-Tankvaart B.V.	Terneuzen, NL		66.64	2023	9.0	1.1
RST Ralf Schmidt Tiefbau, Kabel & Kabelrohrverlegung GmbH	Velten, DE		100.00	2023	2.3	-0.2
SCI de Balloy	Avon, FR		100.00	2023	-0.0	-0.0
SCI du Colombier	Rungis, FR		63.00	2023	0.0	0.0
Shqiperia Cement Company Shpk	Tirana, AL		100.00	2023	0.8	0.1
Sizewell Aggregates Limited	Grays, GB		60.00	2023	0.0	0.0
Société Civile Bachant le Grand Bonval	Guerville, FR		100.00	2023	0.0	0.0
Société Civile d'Exploitation Agricole de l'Avesnois	Guerville, FR		100.00	2023	0.0	0.0
Société d'Extraction et d'Aménagement de la Plaine de Marolles SEAPM S.a.s.	Avon, FR		56.40	2023	0.3	-0.3
Transportbeton Meschede Gesellschaft mit beschränkter Haftung	Meschede, DE		58.06	2023	0.0	0.0
Transportbeton Meschede GmbH & Co. KG	Meschede, DE		58.06	2023	0.1	0.3
TRANS-SERVIS,spol. s r.o.	Praha, CZ		100.00	2023	1.8	0.3
Immaterial subsidiaries						
North America						
Charleston Koppers FTA Park LLC[8]	Wilmington, US		100.00	–	–	–
Conservation Resources Company, Inc.[8]	Springfield, US		100.00	–	–	–
Hanson (ER-No 16) Inc.[8]	Wilmington, US		100.00	–	–	–
Industrial Del Fresno SA[8]	San Miguel de Allende, MX		76.00	–	–	–
Kidde Industries, Inc.[8]	Wilmington, US		100.00	–	–	–
PUSH NA Holdings, Inc.[8]	Wilmington, US		100.00	–	–	–
Seacoast Products, Inc.[8]	Wilmington, US		100.00	–	–	–
Total Limited[8]	Wilmington, US		100.00	–	–	–
Volt RMC Solutions Canada Ltd.	Montreal, CA		100.00	2023	0.1	0.1
VOLT RMC Solutions, Inc.	Wilmington, US		100.00	2023	0.0	0.0
Immaterial subsidiaries						
Asia-Pacific						
Vesprapat Holding Co., Ltd.[5][8]	Bangkok, TH		49.00	–	–	–
Immaterial subsidiaries						
Africa-Mediterranean-Western Asia						
8 Vershin LLP	Almaty, KZ		100.00	2023	0.2	0.0
C.N.A. - Cimentos Nacionais de Angola S.A.[8]	Luanda, AO		56.00	–	–	–
Cement Distributors (E.A.) Limited	Tanga, TZ		68.33	2023	0.2	-0.0
Center Cement Plus Limited Liability Partnership	Astana, KZ		100.00	2023	0.8	0.0
LLC HC Yug	Novogurovsky, RU		100.00	2023	-0.5	-0.1
Suez for Import & Export Co S.A.E.	Cairo, EG		74.07	2023	-0.0	-0.0
Terra Cimentos LDA	Dondo, MZ		100.00	2023	0.2	-0.0
The following joint arrangements and associates are accounted for at amortised cost due to their immateriality.						
Immaterial joint arrangements and associates						
Europe						
Agecroft Management Ltd	Leeds, GB		30.87	2023	0.0	0.0
Alzagri NV	Brugge, BE		50.00	2023	1.5	0.3
Asto Holding B.V.	Raamsdonksveer, NL		33.32	2023	1.8	0.4
Asto Investment B.V.	Raamsdonksveer, NL		33.32	2023	0.7	0.2
Auxerre Béton S.à r.l.	Guerville, FR		50.00	2023	0.3	0.2
Calcaires de la Rive Gauche I SRL	Nivelles, BE		35.00	2023	3.0	-0.4
Canteras Aldoyar, S.L.	Olazagutia, ES		20.00	2023	1.9	0.5
Cap2U GmbH[8]	Triefenstein-Lengfurt, DE	30.00	30.00	–	–	–
Carrière de la Plaine d'Ay	Rungis, FR		20.00	2023	-1.0	-1.0
Cementi della Lucania S.r.l.	Potenza, IT		30.00	2023	-1.0	-0.1

Company name	Registered office	Direct ownership %	Group ownership %	Year[1]	Equity in € million[2]	Net income in € million[3]
CI4C GmbH & Co. KG	Heidenheim an der Brenz, DE	25.00	25.00	2023	33.6	0.0
CI4C Verwaltungs GmbH	Heidenheim an der Brenz, DE		25.00	2023	0.0	0.0
Consorzio Stabile San Francesco S.C.A.R.L.	Foligno, IT		42.00	2023	0.1	0.0
Deltapav S.r.l.	Samarate, IT		45.01	2023	1.1	0.2
Donau Kies Verwaltungs GmbH[6]	Fürstenzell, DE		75.00	2023	0.0	0.0
DONAU MÖRTEL-Verwaltungs und-GmbH	Passau, DE		50.00	2023	0.0	0.0
Eurocalizas S.L.[8]	Meruelo, ES		33.33	–	–	–
Fertigbeton (FBU) Gesellschaft mit beschränkter Haftung[6]	Kreuzwertheim, DE		57.14	2023	0.1	0.0
GAM Greifswalder Asphaltmischwerke VerwaltungsGmbH[4]	Greifswald, DE		30.00	2023	0.1	-0.0
GIE des Terres de Mayocq	Le Crotoy, FR		32.49	2023	-0.0	-0.0
GIE Loire Grand Large	Saint-Herblain, FR		26.00	2023	-0.0	-0.0
GIE Manche Est	Rouxmesnil-Bouteilles, FR		20.00	2023	-0.0	0.0
GIE Sud Atlantique	La Rochelle, FR		50.00	2023	-0.2	-0.0
GIE Yprema Moroni	Saint Léonard, FR		45.00	2023	0.1	0.0
Granulats Marins de Normandie GIE	Le Havre, FR		32.50	2023	0.0	0.0
Hafen- und Lagergesellschaft Greifswald mbH	Greifswald, DE		30.00	2023	0.5	0.3
Hafenbetriebs- und Beteiligungs-GmbH, Stade	Stade, DE		50.00	2023	0.1	0.0
Heidelberg Materials Donau-Iller Verwaltungs-GmbH[6]	Elchingen, DE		82.38	2023	0.1	0.0
Heidelberg Materials Grenzland Verwaltungs-GmbH	Marktredwitz, DE		50.00	2023	0.0	0.0
Heidelberger Beton Inntal Verwaltungs-GmbH[6]	Altötting, DE		68.39	2023	0.0	0.0
Heidelberger Beton Karlsruhe GmbH & Co. KG[4] [6]	Karlsruhe, DE		50.30	2023	0.4	-0.0
Heidelberger Beton Karlsruhe Verwaltungs-GmbH[4] [6]	Karlsruhe, DE		50.30	2023	0.0	0.0
Heidelberger Beton Kurpfalz GmbH & Co. KG[4] [6]	Eppelheim, DE		64.73	2023	0.9	-0.0
Heidelberger Beton Kurpfalz Verwaltungs-GmbH[4] [6]	Eppelheim, DE		64.73	2023	0.0	0.0
Heidelberger Betonpumpen Simonis Verwaltungs-GmbH[6]	Ubstadt-Weiher, DE		65.25	2023	0.0	0.0
Hormigones Olazti S.A.[8]	Olazagutia, ES		25.00	–	–	–
Hormigones Txingudi S.A.	San Sebastián, ES		33.33	2023	0.1	-0.0
HTS Heilbronner Truck Service GmbH	Heilbronn, DE		50.00	2023	0.0	-0.0
ISAR-DONAU MÖRTEL-Verwaltungs-GmbH	Plattling, DE		33.33	2023	0.0	0.0
Kalkkaia AS	Verdal, NO		50.00	2023	2.4	0.2
KANN Beton Verwaltungsgesellschaft mbH	Bendorf, DE		50.00	2023	0.1	0.0
Les Quatre Termes S.a.s.	Salon-de-Provence, FR		50.00	2023	0.0	-0.0
Les Sables de Mezieres S.a.s.	Saint-Pierre-des-Corps, FR		50.00	2023	0.4	-0.1
Lippe-Kies GmbH & Co. KG	Delbrück, DE		50.00	2023	0.1	-0.1
Lippe-Kies Verwaltungs GmbH	Delbrück, DE		50.00	2023	0.0	0.0
Mantovana Inerti S.r.l.	Castiglione delle Stiviere, IT		50.00	2023	2.3	0.1
Mendip Rail Limited	Coalville, GB		50.00	2023	-2.0	2.1
MS "Wesertrans" Binnenschiffsreederei GmbH & Co. KG[6]	Elsfleth, DE		50.00	2023	0.0	-0.0
Münchner Mörtel Verwaltungsges. mbH	München, DE		20.00	2023	0.0	0.0
Neuciclaje S.A.	Bilbao, ES		49.97	2023	-0.1	-0.0
Nordhafen Stade-Bützfleth Verwaltungsgesellschaft mbH	Stade, DE		20.00	2023	0.0	-0.0
Otterbein Gesellschaft mit beschränkter Haftung	Großenlüder-Müs, DE	20.00	20.00	2023	0.0	0.0
Padyear Limited	Maidenhead, GB		50.00	2023	-0.2	–
Peters Cement Overslagbedrijf B.V.	Raamsdonksveer, NL		33.32	2023	2.1	-0.1
Raunheimer Quarzsand Verwaltungsgesellschaft mbH	Raunheim, DE		50.00	2023	0.0	0.0
Rewinn B.V.	Amsterdam, NL		50.00	2023	-0.1	-0.3
San Francesco S.c.a.r.l. in liquidazione[4]	Foligno, IT		45.71	2023	0.5	-0.0
SCI de Barbeau	Bray-sur-Seine, FR		49.00	2023	0.0	0.0
SCI des Granets	Cayeux-sur-Mer, FR		33.33	2023	-0.0	-0.0
SCI La Motte au Bois	Harnes, FR		50.00	2023	0.0	0.0
SNC Sablo	Saint Léonard, FR		25.00	2023	0.0	-0.0
Société Foncière de la Petite Seine S.a.s.	Saint-Sauveur-lès-Bray, FR		42.25	2023	-0.1	0.1
TBG Bayerwald Verwaltungs-GmbH	Fürstenzell, DE		50.00	2023	0.0	0.0
TBG Ilm-Beton Verwaltungs-GmbH[6]	Arnstadt, DE		55.00	2023	0.0	0.0
TBG Singen Verwaltungs-GmbH	Singen, DE		36.90	2023	0.0	0.0

Company name	Registered office	Direct ownership %	Group ownership %	Year[1]	Equity in € million[2]	Net income in € million[3]
TBG Transportbeton Caprano Verwaltungs-GmbH	Heidelberg, DE		50.00	2023	0.0	0.0
TBG Transportbeton Gesellschaft mit beschränkter Haftung	Schwäbisch Hall, DE		25.00	2023	0.0	0.0
TBG Transportbeton Lohr Verwaltungsgesellschaft mbH	Lohr am Main, DE		50.00	2023	0.0	0.0
TBG Transportbeton Oder-Spree Verwaltungs-GmbH	Wriezen, DE		50.00	2023	0.0	0.0
TBG Transportbeton Verwaltungsgesellschaft mbH	Nabburg, DE		50.00	2023	0.0	0.0
TBG Transportbeton Werner Verwaltungsgesellschaft mbH	Dietfurt a.d. Altmühl, DE		38.85	2023	0.0	0.0
terravas GmbH	Königs Wusterhausen, DE		50.00	2023	2.0	-0.0
Transbeton Gesellschaft mit beschränkter Haftung	Löhne, DE		27.34	2023	0.0	0.0
Transportbeton Johann Braun Geschäftsführungs GmbH	Tröstau, DE		50.00	2023	0.0	0.0
Urzeit Weide GbR	Schelklingen, DE	50.00	50.00	2023	0.1	0.0
Velkolom Čertovy schody, akciová společnost	Tmaň, CZ		50.00	2023	7.7	0.2
Verwaltungsgesellschaft mit beschränkter Haftung TRAPOBET Transportbeton Kaiserslautern	Kaiserslautern, DE		50.00	2023	0.0	0.0
Immaterial joint arrangements and associates						
North America						
KHB Venture LLC[8]	Waltham, US		33.33	–	–	–
Newbury Development Associates, LP[8]	Bridgeville, US		35.00	–	–	–
Newbury Development Management, LLC[8]	Bridgeville, US		35.00	–	–	–
Project Potter Parent GP, LLC[8]	Grand Cayman, KY		49.00	–	–	–
Woodbury Investors, LLC[8]	Atlanta, US		50.00	–	–	–
Immaterial joint arrangements and associates						
Asia-Pacific						
Pornphen Prathan Company Limited[4]	Bangkok, TH		49.70	2023	0.0	0.0
Sanggul Suria Sdn Bhd	Kuala Lumpur, MY		45.00	2023	-0.0	-0.0
Immaterial joint arrangements and associates						
Africa-Mediterranean-Western Asia						
Ceval GIE	Casablanca, MA		29.34	2023	0.0	0.0
Italcementi for Cement Manufacturing – Libyan J.S.C.[8]	Tripoli, LY		50.00	–	–	–
Suez Lime S.A.E.[4]	Cairo, EG		37.32	–	–	–

1) Last fiscal year for which financial statements are available.
2) Translated with the closing rate of the fiscal year for which financial statements are available.
3) Translated with the average rate of the fiscal year for which financial statements are available.
4) In liquidation
5) Controlling influence through contractual arrangements and/or legal regulations.
6) Absence of controlling influence through contractual arrangements and/or legal regulations
7) The company makes use of the exemption from disclosure obligations in accordance with section 264(3) or with section 264b of the German Commercial Code (HGB).
8) Information on equity and earnings is omitted pursuant to section 313(3) or to section 286(3), sentence 1, no. 1 of the German Commercial Code (HGB) if such information is of minor relevance for a fair presentation of the assets, financial, and earnings position of Heidelberg Materials AG.
9) Company founded last year. Therefore, no annual financial statement available yet.

Heidelberg, 21 March 2025

Heidelberg Materials AG

The Managing Board

Independent auditor's report

To Heidelberg Materials AG, Heidelberg

Report on the audit of the consolidated financial statements and of the Group management report

Audit Opinions

We have audited the consolidated financial statements of Heidelberg Materials AG, Heidelberg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2024, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of Heidelberg Materials AG, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (the IFRS Accounting Standards) as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetz¬buch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2024, and of its financial performance for the financial year from 1 January to 31 December 2024, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1 Recoverability of goodwill

2 Accounting treatment of deferred taxes

3 Obligations arising from tax matters

Our presentation of these key audit matters has been structured in each case as follows:

a) Matter and issue

b) Audit approach and findings

c) Reference to further information

Hereinafter we present the key audit matters:

1 Recoverability of goodwill

a) In the Company's consolidated financial statements goodwill amounting in total to EUR 8,975.7 million (24.1 % of total assets or 44.9 % of equity) is reported under the „Intangible assets" balance sheet item. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. The impairment test is carried out at the level of the groups of cash-generating units to which the relevant goodwill is allocated. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined using the value in use. The present value of the future cash flows from the respective group of cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors as well as the expected effects on the Group's business activities of the corporate strategy geared towards carbon neutrality are also taken into account. The discount rate used is the weighted average cost of capital for the respective group of cash-generating units. The impairment test determined that, even after taking into account the fair value less costs of disposal, it was necessary to recognize write-downs amounting to a total of EUR 46.0 million at the cash-generating unit "Nordic Precast Group".

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash flows from the respective group of cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

b) As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash flows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In this context, we also evaluated the assessment of the executive directors regarding the effects of the corporate strategy geared towards carbon neutrality on the Group's business activities, and examined how this was taken into consideration in determining the future cash flows. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we also assessed the parameters used to determine the discount rate applied and evaluated the measurement model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company in order to estimate any potential impairment risk related to a key assumption of the measurement. We verified that the necessary disclosures were made in the notes to the consolidated financial statements relating to groups of cash-generating units for which a reasonably possible change in an assumption would result in the recoverable amount falling below the carrying amount of the cash-generating units including the allocated goodwill.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

c) The Company's disclosures on the „goodwill" balance sheet item are contained in section „9.1 Intangible assets" of the notes to the consolidated financial statements.

2 Accounting treatment of deferred taxes

a) In the consolidated financial statements of the Company deferred tax assets amounting to EUR 243.6 million after netting are reported. Deferred tax assets amounting to EUR 1,196.4 million are recognized before netting with matching deferred tax liabilities. The deferred tax assets were recognized to the extent that the executive directors consider it probable that taxable profit will be available in the foreseeable future which will enable the deductible temporary differences and unused tax losses as well as interest carryforwards to be utilized. For this purpose, insofar as sufficient deferred tax liabilities are not available, future taxable profits are projected on the basis of the adopted business plan. No deferred tax assets were recognized in respect of deductible temporary differences (EUR 67.0 million), tax loss carryforwards (EUR 1,681.8 million) as well as interest carryforwards (EUR 296.1 million), since it is not probable that they will be utilized for tax purposes by means of offset against taxable profits.

From our point of view, the accounting treatment of deferred taxes was of particular significance in the context of our audit, as it depends to a large extent on the estimates and assumptions made by the executive directors and is therefore subject to uncertainties.

b) As part of our audit, we assessed, among other things, the internal processes and controls for recording tax matters as well as the methodology used for the determination, accounting treatment and measurement of deferred taxes. We also assessed the recoverability of the deferred tax assets relating to deductible temporary differences and unused tax losses and interest carryforwards on the basis of the Company's internal forecasts of its future earnings situation, and the appropriateness of the underlying estimates and assumptions.

   Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.

c) The Company's disclosures on deferred taxes are contained in section „7.10 Income taxes" of the notes to the consolidated financial statements.

3 Accounting treatment of deferred taxes

a) As an international building materials group, Heidelberg Materials AG is subject to various local tax regulations and the requirements of the responsible tax authorities in the respective countries in which it operates due to its extensive portfolio of equity investments and cross-border service relationships with affiliated companies. The recognition and measurement of current and non-current income tax obligations as well as the determination and disclosure of contingent liabilities are based to a large extent on estimates and assumptions made by the executive directors. Against this background and due to the amount of these material item, these matters were of particular significance in the context of our audit.

b) As part of our audit, we assessed, among other things, the internal processes and controls for recording and assessing tax matters and the presentation of obligations arising from tax matters in the financial statements. In the knowledge that estimated values result in an increased risk of accounting misstatements and that the estimates and assumptions made by the executive directors have a direct and significant impact on consolidated net profit/loss for the year, we evaluated the appropriateness of the determination of the obligations and the presentation of tax matters in the financial statements. We also involved our internal specialists from the tax department in the audit team. With regard to the recognition and measurement of obligations, we in particular inspected the Company's correspondence with the respective tax authorities and critically examined the Company's risk assessments of ongoing tax audits and individual tax matters. Furthermore, we also held meetings with the Company's tax department in order to receive updates on current developments with regard to the material tax matters and the reasons for the corresponding estimates. As at the balance sheet date, we also obtained confirmations from external tax advisors that support the estimates made by the executive directors.

   Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.

c) The Company's disclosures relating to current and non-current income tax liabilities are contained in section „7.10 Income taxes" of the notes to the consolidated financial statements and the disclosures on contingent liabilities in section 11.2 of the notes to the consolidated financial statements, as well as in the paragraph on „Tax risks" in the „Risk and opportunity report" section of the group management report.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the non-financial statement to comply with §§ 289b to 289e HGB and with §§ 315b to 315c HGB included in section "Non-financial statement" of the group management report

- the section "Adequacy and effectiveness of the internal control and risk management system" of the group management report

The other information comprises further

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB

- the remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act], for which the supervisory board is also responsible

- all remaining parts of the Annual and Sustainabilty Report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the internal control and these arrangements and measures (systems), respectively.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file Heidelberg_Materials_AG_KA_ZLB_ESEF-2024-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 16 May 2024. We were engaged by the supervisory board on 21 May 2024. We have been the group auditor of Heidelberg Materials AG, Heidelberg, without interruption since the financial year 2020.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to an Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Thomas Tilgner.

Frankfurt am Main, 21 March 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

[sgd. Dr. Ulrich Störk]	[sgd. Thomas Tilgner]
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Assurance Report of the Independent German Public Auditor on a Limited Assurance Engagement in Relation to the Combined Non-financial Statement included in the Group Management Report

To Heidelberg Materials AG, Heidelberg

Assurance Conclusion

We have conducted a limited assurance engagement on the combined non-financial statement of Heidelberg Materials AG, Heidelberg, (hereinafter the „Company“) included in section “Non-financial Statement” of the group management report, which is combined with the Company’s management report, to comply with §§ [Articles] 289b to 289e HGB [Handelsgesetzbuch: German Commercial Code] and §§ 315b to 315c HGB including the disclosures contained in this combined non-financial statement to fulfil the requirements of Article 8 of Regulation (EU) 2020/852 (hereinafter the „Combined Non-Financial Reporting“) for the financial year from 1 January to 31 December 2024.

Not subject to our assurance engagement were the external sources of documentation or expert opinions mentioned in the Combined Non-Financial Reporting, which are marked as unassured.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Combined Non-Financial Reporting for the financial year from 1 January to 31 December 2024 is not prepared, in all material respects, in accordance with § 315c in conjunction with §§ 289c to 289e HGB and the requirements of Article 8 of Regulation (EU) 2020/852 as well as with the supplementary criteria presented by the executive directors of the Company.

We do not express an assurance conclusion on the external sources of documentation or expert opinions mentioned in the Combined Non-Financial Reporting, which are marked as unassured.

Basis for the Assurance Conclusion

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the “German Public Auditor’s Responsibilities for the Assurance Engagement on the Combined Non-Financial Reporting” section.

We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has complied with the quality management system requirements of the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) issued by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibility of the Executive Directors and the Supervisory Board for the Combined Non-Financial Reporting

The executive directors are responsible for the preparation of the Combined Non-Financial Reporting in accordance with the relevant German legal and European regulations as well as with the supplementary criteria presented by the executive directors of the Company. They are also responsible for the design, implementation and maintenance of such internal controls that they have considered necessary to enable the preparation of a Combined Non-Financial Reporting in accordance with these regulations that is free from material misstatement, whether due to fraud (i.e., manipulation of the Combined Non-Financial Reporting) or error.

This responsibility of the executive directors includes selecting and applying appropriate reporting policies for preparing the Combined Non-Financial Reporting, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the Combined Non-Financial Reporting.

Inherent Limitations in the Preparation of the Combined Non-Financial Reporting

The relevant German statutory legal and European regulations contain wording and terms that are still subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. As such wording and terms may be interpreted differently by regulators or courts, the legal conformity of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the Combined Non-Financial Reporting.

German Public Auditor's Responsibilities for the Assurance Engagement on the Combined Non-Financial Reporting

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Combined Non-Financial Reporting has not been prepared, in all material respects, in accordance with the relevant German legal and European regulations as well as with the supplementary criteria presented by the executive directors of the Company, and to issue an assurance report that includes our assurance conclusion on the Combined Non-Financial Reporting.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- obtain an understanding of the process to prepare the Combined Non-Financial Reporting.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal controls.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgement.

In conducting our limited assurance engagement, we have, amongst other things:

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Combined Non-Financial Reporting.
- inquired of the executive directors and relevant employees involved in the preparation of the Combined Non-Financial Reporting about the preparation process, and about the internal controls relating to this process.
- evaluated the reporting policies used by the executive directors to prepare the Combined Non-Financial Reporting
- evaluated the reasonableness of the estimates and the related disclosures provided by the executive directors.
- performed analytical procedures and made inquiries in relation to selected information in the Combined Non-Financial Reporting.
- performed site visits.
- considered the presentation of the information in the Combined Non-Financial Reporting.
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Combined Non-Financial Reporting.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is solely towards the Company. We do not accept any responsibility, duty of care or liability towards third parties.

Frankfurt am Main, 21 March 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

[sgd. Thomas Tilgner]	[sgd. ppa. Christoph Schudok]
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüfer (German Public Auditor)

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group management report, which has been combined with the management report of Heidelberg Materials AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Heidelberg, 21 March 2025

Heidelberg Materials AG

The Managing Board

Dr. Dominik von Achten	René Aldach	Dr. Katharina Beumelburg
Roberto Callieri	Axel Conrads	Hakan Gurdal
Dennis Lentz	Jon Morrish	Chris Ward

Remuneration report

Remuneration report for the 2024 financial year

Introduction

The remuneration report sets out the principles and structure of the remuneration of the Managing Board and the Supervisory Board of Heidelberg Materials AG. The remuneration report contains the remuneration granted and owed in the 2024 financial year to the members of the Managing Board and Supervisory Board in office in the 2024 financial year and to former members. The remuneration granted includes the remuneration components whose underlying (single or multi-year) service or performance period was fully completed in the financial year. The remuneration report was jointly prepared by the Managing Board and the Supervisory Board in accordance with the provisions of section 162 of the German Stock Corporation Act (Aktiengesetz, AktG). In addition, it takes into account the recommendations and suggestions of the German Corporate Governance Code (GCGC) in its version of 28 April 2022.

The remuneration report was also audited with reasonable assurance by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft beyond the requirements of section 162(3) of the AktG. The report on the audit of the remuneration report can be found at the end of the remuneration report.

Review of the 2024 financial year

Business development and target achievement in the 2024 financial year

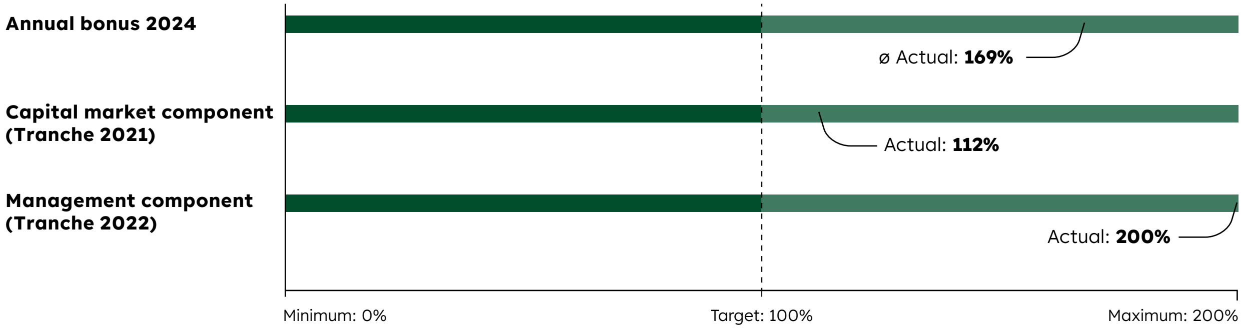
Heidelberg Materials has brought the 2024 financial year to a successful close despite global economic and geopolitical challenges.

The excellent business development of Heidelberg Materials in the 2024 financial year is also reflected in the target achievement of the performance-related elements of the remuneration of the Managing Board. The result in the profit for the financial year adjusted for special effects and the reduction in CO_2 emissions contributed to the positive achievement of the objectives for the annual bonus. In the 2024 financial year, the newly implemented Sustainable Strategy Targets were also included in the target achievement for the annual bonus for the first time.

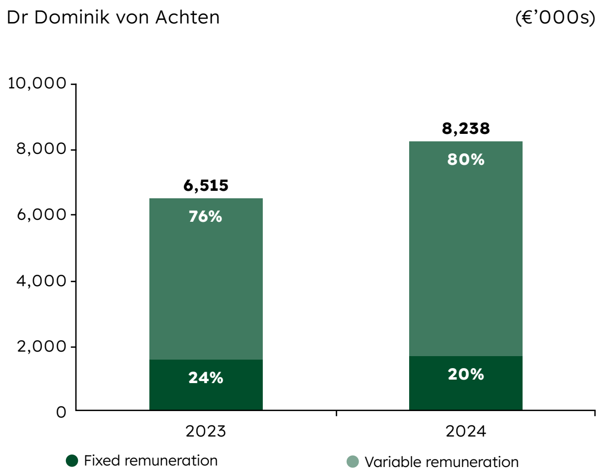
Taking into account the equal weighting of Group Performance and the Sustainable Strategy Targets in the target achievement, the average target achievement for the 2024 annual bonus is 169%.

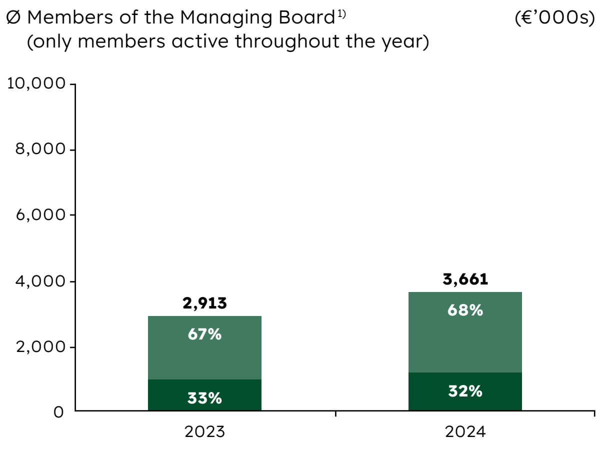
For the management component of the 2022–2024/2025 long-term bonus, a strong performance of EBIT (Earnings Before Interest and Taxes) and ROIC (Return On Invested Capital), adjusted for special effects, led to a target achievement of 200%. In addition, the strong upswing in the Heidelberg Materials share, our progressive dividend policy, and our share buyback programme led to a significant improvement in shareholder return. This development is reflected in a target achievement of 112% for the capital market component of the long-term bonus 2021–2023/2024, which is based on the relative total shareholder return (TSR) of the Heidelberg Materials share.

Target achievement 2024



Granted and owed remuneration in the 2024 financial year





1) Excluding the Chairman of the Managing Board

Changes in the composition of the Managing Board

In the 2024 financial year, there were several personnel changes on the Managing Board of Heidelberg Materials. On 1 January 2024, Roberto Callieri was appointed to the Managing Board and assumed responsibility for the Asia Group area. In addition, Axel Conrads was appointed to the Managing Board on 1 February 2024. As Chief Technical Officer, he is responsible for the global technical Competence Centers Cement, Aggregates & Asphalt, and Readymix. In addition, long-standing member of the Managing Board Kevin Gluskie stepped down from the Managing Board at the end of his term with effect from 31 January 2024. On 31 August 2024, Dr Nicola Kimm also stepped down from the Managing Board after completing her term of office as Chief Sustainability Officer. In her place, Dr Katharina Beumelburg was appointed to the Managing Board with effect from 1 October 2024 and has assumed the role of Chief Sustainability & New Technologies Officer.

In addition, the areas of responsibility of individual members of the Managing Board were expanded in the 2024 financial year. Chief Financial Officer René Aldach assumed additional responsibility for Australia with effect from January 2024. In addition, as of 1 January 2024, the Western and Southern Europe Group areas and the majority of Northern and Eastern Europe were combined to form the new Europe Group area under the responsibility of Jon Morrish. In January 2024, Hakan Gurdal took on responsibility for Kazakhstan and Russia in addition to his existing responsibility for the Africa-Eastern Mediterranean Basin Group area. Since then, the Group area has been called Africa-Mediterranean-Western Asia.

2023 remuneration report

In accordance with the requirements of the German Act Implementing the Second Shareholder Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie, ARUG II), the 2023 remuneration report was submitted to the 2024 Annual General Meeting as part of a consultative vote for approval pursuant to section 120a(4) of the AktG and approved with an acceptance rate of 95.84%. In view of the consistently high acceptance rates for our remuneration report at the Annual General Meeting in recent years, we have retained the basic structure and have only made selective adjustments to further improve the transparency of the report. For example, the 2024 remuneration report contains a detailed description of the changes to the 2024+ Remuneration System for the Managing Board. The 2023 remuneration report is available via the following link: **https://www.heidelbergmaterials.com/en/corporate-governance**.

Overview of the key changes resulting from the 2024+ Remuneration System

In 2023, the Supervisory Board carried out a comprehensive review of the remuneration system for the members of the Managing Board that had been in force since 2021 (2021 Remuneration System), taking into account the expectations of Heidelberg Materials' investors and stakeholders. The remuneration system for the members of the Heidelberg Materials Managing Board that was further developed on the basis of the review (2024+ Remuneration System) was approved by the 2024 Annual General Meeting with an acceptance rate of 96.21%. Since 1 January 2024, it applies to all members of the Managing Board whose employment contracts are newly concluded or extended on or after the date on which the Annual General Meeting approved the 2024+ Remuneration System. The 2024+ Remuneration System is also effective as of 1 January 2024 with respect to members of the Managing Board already appointed as at the date on which the Annual General Meeting approved the remuneration system. As Kevin Gluskie, who stepped down from the Managing Board at the end of his term on 31 January 2024, was a member of the Managing Board for only one month in the 2024 financial year, he was not transferred to the new remuneration system for reasons of practicability. The special arrangement made with Kevin Gluskie to settle his variable remuneration entitlements for this period is described in the **Performance-related remuneration components section**.

The revised remuneration system aligns the remuneration of the Managing Board even more closely with Heidelberg Materials' strategic targets and the expectations of investors. The main features of the revised remuneration system and the key changes compared with the 2021 Remuneration System are described in detail below. The 2024+ Remuneration System is available to download via the following link: **https://www.heidelbergmaterials.com/en/company/corporate-governance**.

Key changes to the 2024+ Remuneration System

Previous Remuneration System	Component	2024+ Remuneration System
– Fixed annual salary, paid in 12 monthly installments	Fixed annual salary	– Fixed annual salary, paid in 12 monthly installments
– Granting of customary fringe benefits	Fringe benefits	– Granting of customary fringe benefits
– Defined contribution pension commitment – Transitional allowance	Pension commitment/ consideration	– Defined contribution pension commitment – Alternatively: pension consideration (cash allowance)
– Plan type: target bonus – Cap: 200% of target value **Corporate targets** (2/3): – Profit for the financial year; – CO_2 multiplier **Individual targets** (1/3): – Individual targets (including ESG targets)	Annual bonus	– Plan type: target bonus – Cap: 200% of target value **Group performance** (50%): – Profit for the financial year; – CO_2 multiplier **Sustainable strategy targets** (50%): – Health and safety; – Free cash flow; – Sustainable revenue; – Individual target
– Plan type: Performance cash plan – Term: 3 years – Cap: 200% of target value **Management component**: EBIT 50%, ROIC 50% – Plan type: Performance share plan – Term: 4 years – Cap: 400% of target value **Capital market component**: Relativer TSR 100% – Cap: 200% of total target value	Long-term bonus	– Plan type: Performance share plan – Term: 4 years – Cap: 225% of target value **Group Performance**: EBIT 25%, ROIC 25%, Relative TSR 25%, ESG targets 25%
– Obligation to buy and hold Heidelberg Materials AG shares – 30,000 shares for the Chairman of the Managing Board – 15,000 shares for regular members of the Managing Board	Share ownership	– Obligation to buy and hold Heidelberg Materials AG shares – 180% of fixed annual salary for the Chairman of the Managing Board – 100% of fixed annual salary for regular members of the Managing Board
– Approx. 158% of target remuneration for the Chairman of the Managing Board – Approx. 177% or 184% of target remuneration for regular members of the Managing Board	Maximum remuneration	– €11 million for the Chairman of the Managing Board – €6 million for regular members of the Managing Board – USD 6.5 million for members of the Managing Board whose remuneration is contractually specified in US dollar
– Compliance malus and clawback	Malus & clawback	– Compliance malus and clawback – Performance clawback

Remuneration structure

In accordance with the 2024+ Remuneration System, around 60% to 80% of the target direct remuneration (fixed annual salary, target value of the annual bonus, grant amount of the long-term bonus) of the members of the Managing Board is made up of performance-related remuneration components. The fixed annual salary accounts for around 20% to 40% of the target direct remuneration. While the target value of the annual bonus accounts for around 20% to 35%, the grant amount of the long-term bonus accounts for around 35% to 50% of the target direct remuneration. To ensure the long-term focus of the remuneration of the Managing Board and satisfy regulatory requirements, the share of the long-term bonus exceeds that of the annual bonus within the performance-related remuneration components.

Further components of the target total remuneration include fringe benefits, amounting to an average of around 35% of the respective fixed annual salary, and the pension commitment or cash allowance, also amounting to an average of around 35% of the fixed annual salary. The relative proportions of pension commitments and fringe benefits may differ in the future due to the development of expenditure on contractual pension commitments or fringe benefits, or due to the granting of temporary benefits or benefits agreed for the entire duration of the service agreement, in particular to newly appointed or seconded members of the Managing Board.

Annual bonus

What was the objective?

- To lower complexity by harmonising and reducing the number of performance criteria
- To increase the transparency and comparability of Managing Board targets
- To strengthen the links to Heidelberg Materials' strategic targets

What has been changed to achieve the objective?

- Use of two key target categories, Group Performance and Sustainable Strategy Targets, each with a 50% weighting
- Definition of four performance criteria within the Sustainable Strategy Targets:
  1. Health & Safety
  2. Free cash flow
  3. Increase in sustainable revenue
  4. Individual target

While the profit for the financial year and the CO_2 component continue to be taken into account in the Group Performance component of the annual bonus, the three performance criteria of health and safety, free cash flow, and increase of sustainable revenues, plus one individual target for each member of the Managing Board, are embedded in the Sustainable Strategy Targets. The intention here is to establish an even closer link between the performance criteria and Heidelberg Materials' strategic principles. By reducing the individual targets from up to six targets in the 2021 Remuneration System down to one target, the complexity of the annual bonus is also significantly reduced. Furthermore, the harmonisation of performance criteria helps to increase the transparency and comparability of the Managing Board's targets.

Long-term bonus

What was the objective?

- To reduce complexity by means of a standardised plan design
- To increase share price orientation
- To anchor ESG targets in the long-term bonus to support the achievement of ambitious sustainability targets

What has been changed to achieve the objective?

- Total grant amount to be issued in performance share units (PSUs) in all cases
- Harmonisation of the duration to four years
- Definition of four equally weighted performance criteria:
  1. Earnings before Interest and Taxes (EBIT)
  2. Return on Invested Capital (ROIC)
  3. Relative total shareholder return (relative TSR)
  4. ESG target
- Introduction of an individual peer group to measure the relative TSR

	Previous long-term bonus		New long-term bonus
Components	**50%** management	**50%** capital market (PSUs)	**100%** PSUs
Term	**3 years** management	**4 years** capital market	**4 years**
Performance criteria	**Management** **50%** EBIT **50%** ROIC	**Capital market** **100%** relative TSR	**25%** EBIT **25%** ROIC **25%** relative TSR **25%** ESG targets
Relative TSR	**MSCI World Construction Materials**	**DAX**	**Individual peer group** consisting of key competitors

In order to strengthen the link between the share price and long-term performance-related remuneration, the new long-term bonus is 100% share-based and will be allocated entirely in the form of performance share units (PSUs). By dispensing with the previous separation into a management component and a capital market component, each with a 50% weighting, the complexity of the long-term bonus is significantly reduced. Harmonising the term to four years also strengthens the long-term focus of performance-related remuneration.

With regard to performance criteria, the new long-term bonus includes ESG targets in addition to the financial performance targets EBIT, ROIC, and relative TSR. The aim is to provide even stronger incentives to achieve Heidelberg Materials' ambitious sustainability targets. In addition, the performance criterion relative TSR will no longer be measured against the capital market indices DAX and MSCI World Construction Materials, but against an individual peer group consisting of international comparable companies. This will allow Heidelberg Materials' target setting and performance assessment to better reflect the competitive environment.

Maximum remuneration

What was the objective?	What has been changed to achieve the objective?
– To concretise the maximum remuneration amounts	– Definition of a concrete maximum remuneration amount for the various Managing Board positions – Chairman of the Managing Board: €11 million – Regular members of the Managing Board: €6 million – Definition of the maximum remuneration amounts for members of the Managing Board whose contracts state their remuneration in US dollars: US$ 6.5 million

In the 2021 Remuneration System, the maximum remuneration was defined as the maximum percentage of the target remuneration of the respective members of the Managing Board. This amounted to up to 158% of the corresponding target remuneration for the Chairman of the Managing Board and up to 184% for the regular members of the Managing Board, excluding pension commitments and fringe benefits. By contrast, the 2024+ Remuneration System places a cap on the amount of remuneration that can be awarded to members of the Managing Board, which also includes fringe benefits and expenses for pension commitments. This structure thus promotes transparency and traceability when it comes to reporting compliance with the maximum remuneration.

In addition, a maximum amount in US dollars has been defined for members of the Managing Board whose remuneration is contractually specified in US dollars in order to avoid risks arising from exchange rate fluctuations.

Share Ownership Guidelines

What was the objective?	What has been changed to achieve the objective?
– To increase the comparability of share ownership – To set the share ownership levels in line with market standards	– Specification of a fixed amount for share ownership based on the fixed annual salary of the members of the Managing Board instead of previous fixed number of shares: – Chairman of the Managing Board: 180% of fixed annual salary – Regular members of the Managing Board: 100% of fixed annual salary

As part of the share ownership guidelines, the 2024+ Remuneration System obliges the members of the Managing Board of Heidelberg Materials to invest a fixed Euro amount corresponding to a fixed percentage of their respective fixed annual salary in Heidelberg Materials shares. Previously, the share ownership guidelines defined a fixed number of shares to be held. The move away from the previous rule requiring a fixed number of shares to be held serves the purpose of increasing the comparability of the share ownership guidelines. Furthermore, the levels of share ownership are in line with market practice in Germany, thus strengthening the market conformity of the remuneration system.

Further contractual provisions

What was the objective?	What has been changed to achieve the objective?
– To further increase the remuneration system's market conformity – To enhance the Supervisory Board's scope for action	– Removal of the option to grant a transitional allowance following retirement – Extension of the clawback rules to include the option to reclaim variable compensation elements in the event of materially incorrect annual financial statements (performance clawback)

With regard to further contractual provisions, the 2024+ Remuneration System no longer provides for the option of granting members of the Managing Board a transitional allowance. This change is also in line with current market practice.

In addition, the existing clawback rule, under which performance-related remuneration can be reclaimed in the event of breaches of essential duties of diligence (compliance clawback), has been extended to include a performance clawback. This makes it possible to reclaim performance-related remuneration components in the event of materially incorrect consolidated annual financial statements. As a result, the Supervisory Board has greater scope for action in dealing with performance-related remuneration that has been paid out erroneously.

The Supervisory Board continues to have the option of discretionary adjustment of the annual or the long-term bonus in order to account for exceptional circumstances (administrative discretion). Under the new 2024+ Remuneration System, this margin of discretion remains unchanged at a standardised ± 15% of the target value of the variable remuneration components for all members of the Managing Board.

Remuneration of the Managing Board in the 2024 financial year

Principles of the remuneration of the Managing Board

The remuneration system of the Managing Board is aligned with the Heidelberg Materials Group strategy. By selecting appropriate performance criteria for the performance-related remuneration, incentives are given to implement the Group strategy and to promote the long-term and sustainable development of Heidelberg Materials. Both financial and non-financial performance criteria are used to represent the company's success as a whole. The consideration of ESG targets in the performance-related remuneration underlines the pursuit of excellent business performance combined with environmentally and socially responsible conduct.

The remuneration of the company's Managing Board is based on the principle that members of the Managing Board should be remunerated appropriately according to their performance. With the high proportion of performance-related remuneration components, the Supervisory Board pursues a strict pay-for-performance approach.

The following overview summarises the most important principles of remuneration of the Managing Board. Together, they are designed to provide incentives to promote the long-term and sustainable development of Heidelberg Materials.

Principles of the remuneration of the Managing Board

- Strong **pay-for-performance orientation** due to large performance-related share of total remuneration
- Alignment of performance-related remuneration and performance criteria with the **long-term Group strategy**
- **Sustainability** as an important component of the performance criteria in both the **annual bonus** and the **long-term bonus**
- Alignment of remuneration with **shareholder interests**, in particular by making the long-term bonus fully **share-based**
- Use of **relative performance assessment** and **avoidance of retroactive adjustments** to target values or performance criteria during the year
- **Total remuneration limited** by **maximum remuneration** defined in the remuneration system
- **Malus and clawback rules** for the performance-related remuneration components

Procedure for determining and implementing the remuneration system and the amount of Managing Board remuneration

Pursuant to section 87a of the AktG, the remuneration system for the members of the Managing Board is determined by the Supervisory Board following a recommendation by the Personnel Committee and is then submitted to the Annual General Meeting for approval. As long as no significant changes are made to the remuneration system, it will be submitted to the Annual General Meeting for approval at least every four years in accordance with the legal requirements. In the event of significant changes to the remuneration system, the adjusted remuneration system will be submitted to the Annual General Meeting for approval in the year of its change.

The 2024+ Remuneration System was approved by the 2024 Annual General Meeting with an acceptance rate of 96.21%. It has been applicable to all members of the Managing Board since 1 January 2024 and is available via the following link: **https://www.heidelberg materials.com/en/company/corporate-governance**.

The remuneration of the Managing Board is determined by the Supervisory Board following a recommendation by the Personnel Committee. The Supervisory Board takes into account the responsibility and tasks of the individual members of the Managing Board, their individual performance, the economic situation, as well as the success and future prospects of Heidelberg Materials.

Review of the appropriate remuneration of the Managing Board

The Supervisory Board regularly reviews the appropriateness of the remuneration of the Managing Board with the support of the Personnel Committee. This includes an external, horizontal comparison with the remuneration of managing boards of comparable companies as well as an internal, vertical comparison of remuneration within Heidelberg Materials.

The horizontal comparison serves to verify that the remuneration of the Managing Board is market common. The selection of companies is based on the size and international activity of Heidelberg Materials, as well as on the economic and financial situation, and future prospects. Most recently, the companies in the German benchmark index DAX40 were used for the horizontal comparison. In order to take the industry criterion into account, the Supervisory Board will also be able to use companies from related sectors as a peer group in the future.

Development of the average target direct remuneration[1] of the Managing Board and total workforce of Heidelberg Materials AG

€'000s	2020	Change 2021/2020	2021	Change 2022/2021	2022	Change 2023/2022	2023	Change 2024/2023	2024
Managing Board[2]	2,868.7	-9.1%	2,607.8	-0.7%	2,590.5	0.8%	2,610.6	5.1%	2,744.8
Top and senior management[3]	230.0	2.7%	236.3	-1.0%	233.9	8.0%	252.6	-1.8%	248.1
Total workforce of Heidelberg Materials AG[4]	63.4	1.2%	64.3	-2.2%	62.9	6.0%	66.6	3.9%	69.2

1) Fixed salary (incl. 13th monthly salary, vacation pay), annual bonus (target 100%) and long-term bonus (target 100%) on a full-time basis.
2) The decrease of 9.1% in the average target direct remuneration of the Managing Board from 2020 to 2021 is mainly due to the new appointment of three Managing Board members, whose target direct remuneration was lower than the average remuneration of the other Managing Board members.
3) Top- and Senior-Management of Heidelberg Materials AG excluding the Managing Board. Top Management comprises positions with management responsibility for global and area functions as well as for large- and medium-sized countries. Senior management comprises mostly positions with management responsibility that are not included in Top Management.
4) Including top and senior management, excluding Managing Board.

For the vertical comparison, the remuneration of the Managing Board is compared with the remuneration of top and senior management (upper management) and the remuneration of the total workforce of Heidelberg Materials, both overall and in terms of development over time.

The following overview shows the development of the target direct remuneration (fixed annual salary, target value of the annual bonus, and – if the corresponding employee groups are eligible – the grant amount of the long-term bonus) in the internal comparison in the period from 2020 to 2024. The vertical comparison of the target remuneration is used when reviewing the appropriateness of the remuneration of the Managing Board pursuant to section 87a of the AktG. The comparative statement pursuant to section 162(1)(2) of the AktG can be found in the **Comparative presentation of the development in remuneration and earnings section**.

In the 2024 financial year, the ratio of the average remuneration of the Managing Board (including the Chairman of the Managing Board) to the average remuneration of top and senior management was 1:11 (previous year: 1:10), and the ratio to the total workforce of Heidelberg Materials was 1:40 (previous year: 1:39).

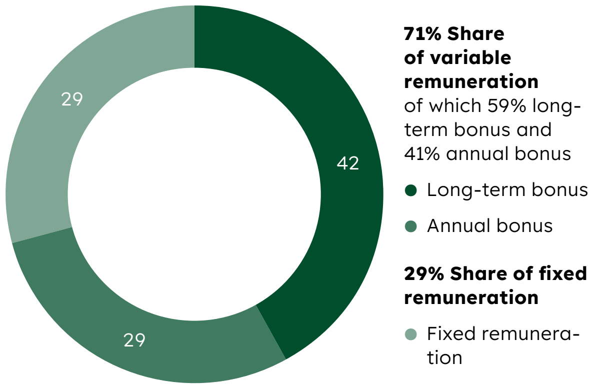
The percentage change in the average target direct remuneration of the Managing Board compared with the previous year is attributable to several adjustments to remuneration that were made in 2024 due to reappointments. These are explained in more detail in the **Fixed annual salary section**.

Remuneration structure

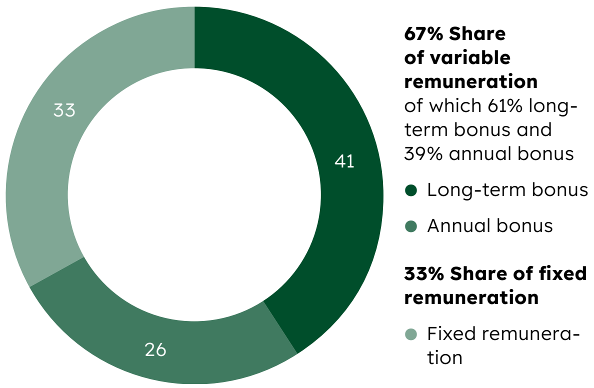
Pay for performance and the focus on the sustainable and long-term development of the company are central principles of the remuneration of its Managing Board. With these principles in mind, 71% of the target direct remuneration for the Chairman of the Managing Board and around 67% for the members of the Managing Board consists of performance-related remuneration components. The fixed annual salary thus accounts for 29% of the target direct remuneration for the Chairman of the Managing Board and around 33% for the members of the Managing Board. This remuneration structure is within the ranges envisaged in the 2024+ Remuneration System.

To ensure the long-term focus of the remuneration of the Managing Board, the share of the long-term bonus exceeds that of the annual bonus within the performance-related remuneration components.

Remuneration components of the Chairman of the Managing Board in %



Remuneration components of the members of the Managing Board[1] in %



1) Excluding the Chairman of the Managing Board

Determining the target remuneration

Each member of the Managing Board is contractually promised a target remuneration that lies within the specified remuneration structure. The amount of the target remuneration depends on the responsibilities as well as the relevant experience of and tasks carried out by the individual member of the Managing Board.

In the 2024 (2023) financial year, the target remuneration of the members of the Managing Board who were active in the 2024 (2023) financial year was subject to the 2024+ Remuneration System (2021 Remuneration System) and is as follows:

Target remuneration

	Dr Dominik von Achten Chairman of the Managing Board		**René Aldach** Member of the Managing Board		**Dr Katharina Beumelburg** Member of the Managing Board (since 1 October 2024)		**Roberto Callieri** Member of the Managing Board[1] (since 1 January 2024)		**Axel Conrads** Member of the Managing Board (since 1 February 2024)		**Kevin Gluskie** Member of the Managing Board[2] (until 31 January 2024)	
€'000s	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**
Fixed annual salary	**1,525**	**1,598**	**600**	**638**	**–**	**212**	**–**	**660**	**–**	**550**	**894**	**74**
Fringe benefits	**9**	**10**	**15**	**189**	**–**	**8**	**–**	**686**	**–**	**8**	**536**	**107**
Contribution to private pension (cash allowance)	**–**	**–**	**–**	**–**	**–**		**–**	**400**	**–**	**–**	**–**	**–**
One-year variable compensation	**1,525**	**1,598**	**480**	**511**	**–**	**170**	**–**	**528**	**–**	**439**	**715**	**60**
Annual bonus 2023	1,525	–	480	–	–	–	–	–	–	–	715	–
Annual bonus 2024	–	1,598	–	511	–	170	–	528	–	439	–	60
Multi-year variable compensation	**2,288**	**2,397**	**750**	**798**	**–**	**266**	**–**	**825**	**–**	**688**	**1,158**	**94**
Long-term bonus plan 2023–2025/2026	2,288	–	750	–	–	–	–	–	–	–	1,158	–
Management component tranche 2023–2025	1,144	–	375	–	–	–	–	–	–	–	579	–
Capital market component tranche 2023–2026	1,144	–	375	–	–	–	–	–	–	–	579	–
Long-term bonus plan 2024–2027		2,397	–	798	–	266	–	825	–	688	–	94
Others	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Service costs	**359**	**417**	**164**	**179**	**–**	**63**	**–**	**–**	**–**	**194**	**525**	**49**
Total compensation	**5,706**	**6,021**	**2,010**	**2,315**	**–**	**719**	**–**	**3,099**	**–**	**1,879**	**3,828**	**384**

1) 90% of Mr. Roberto Callieri's fixed annual salary, annual bonus, and long-term bonus are borne by Materials Asia. The remaining 10% is borne by Heidelberg Materials AG.
2) 90% of the fixed annual salary, the annual bonus and the long-term bonus of Kevin Gluskie are paid by Heidelberg Materials Asia. Kevin Gluskie receives his remuneration in Australian dollars in accordance with his employment contract. The average exchange rates for 2023 (1.6290 AUD/EUR) and 2024 (1.6403 AUD/EUR) were used for conversion into euros. The closing rate before the start of the performance period (31 December 2022: 1.5717 AUD/EUR; 31 December, 2023: 1.6206 AUD/EUR) was used to convert the long-term bonus into euros. As Kevin Gluskie left the Managing Board on January 31, 2024, the target remuneration for 2024 represents the remuneration for one month (January 2024).

Target remuneration

€'000s	Hakan Gurdal Member of the Managing Board 2023	Hakan Gurdal 2024	Dr Nicola Kimm Member of the Managing Board (until 31 August 2024) 2023	Dr Nicola Kimm 2024	Dennis Lentz Member of the Managing Board[3)] 2023	Dennis Lentz 2024	Jon Morrish Member of the Managing Board 2023	Jon Morrish 2024	Chris Ward Member of the Managing Board[4)] 2023	Chris Ward 2024
Fixed annual salary	**770**	**841**	**600**	**400**	**600**	**638**	**903**	**944**	**829**	**872**
Fringe benefits	**87**	**81**	**52**	**10**	**412**	**479**	**82**	**103**	**58**	**62**
Contribution to private pension (cash allowance)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**374**	**392**
One-year variable compensation	**616**	**672**	**480**	**320**	**480**	**511**	**722**	**755**	**663**	**698**
Annual bonus 2023	616	–	480	–	480	–	722	–	663	–
Annual bonus 2024	–	672	–	320	–	511	–	755	–	698
Multi-year variable compensation	**963**	**1,051**	**750**	**500**	**750**	**798**	**1,129**	**1,180**	**1,086**	**1,068**
Long-term bonus plan 2022–2024/2025	963	–	750	–	750	–	1,129	–	1,086	–
Management component tranche 2022–2024	481	–	375	–	375	–	564	–	542	–
Capital market component tranche 2022–2025	481	–	375	–	375	–	564	–	544	–
Long-term bonus plan 2023–2025/2026	–	1,051	–	500	–	798	–	1,180	–	1,068
Others	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Service costs	**383**	**247**	**214**	**153**	**145**	**164**	**324**	**216**	**–**	**–**
Total compensation	**2,818**	**2,892**	**2,096**	**1,382**	**2,388**	**2,590**	**3,160**	**3,199**	**3,011**	**3,092**

3) 70% of Mr. Dennis Lentz's fixed annual salary, annual bonus, and long-term bonus are borne by Materials North America. The remaining 30% is borne by Heidelberg Materials AG.
4) 90% of Mr. Chris Ward's fixed annual salary, annual bonus, and long-term bonus are borne by Materials North America. The remaining 10% is borne by Heidelberg Materials AG. Chris Ward receives his remuneration in US dollars in accordance with his employment contract. The average exchange rates for 2023 (1.0816 USD/EUR) and 2024 (1.0819 USD/EUR) were used for conversion into euros. The closing rate before the start of the performance period (2022: 1.0705 USD/EUR; 2023: 1.1039 USD/EUR) was used to convert the long-term bonus into euros.

Changes in the target remuneration compared with the previous year are explained in more detail in the **Fixed annual salary section**.

Compliance with the maximum remuneration

The maximum remuneration defined for the members of the Managing Board limits all payouts resulting from the commitment for a financial year, regardless of when they are received. Reporting on compliance with the maximum remuneration in a financial year is therefore deferred until the point in time when all remuneration components allocated in the relevant financial year have been fully earned or granted and owed.

For remuneration agreed in the 2024 financial year, the provisions of the 2024+ Remuneration System regarding maximum remuneration will apply. Compliance with the maximum remuneration in the 2024 financial year will therefore be reported in the remuneration report for the 2027 financial year after the end of the duration of the 2024 tranche of the long-term bonus. If the payout from the long-term bonus results in the maximum remuneration being exceeded, the payout amount for the members of the Managing Board concerned will be reduced accordingly to ensure compliance with the maximum remuneration.

At the end of the 2024 financial year, all remuneration components allocated in the 2021 financial year have been granted and are owed. For remuneration allocated in the 2021 financial year, the provisions of the 2021 Remuneration System regarding maximum remuneration apply. Accordingly, the maximum remuneration (without taking into account fringe benefits and annual service costs of pension commitments) equals the fixed annual salary plus the sum of the individual performance-related remuneration components (annual bonus and long-term bonus), which are each limited to twice the target value, plus the discretionary adjustment of a maximum of 15% or, for two members of the Managing Board, a maximum of 25%. The maximum remuneration for Ernest Jelito, Jon Morrish, and Chris Ward corresponds to up to 177% of the target direct remuneration, the maximum remuneration for Kevin Gluskie and Hakan Gurdal 184% of the target direct remuneration.

Absolute upper limits (excluding fringe benefits and annual service costs of pension commitments) for remuneration are defined in the Managing Board agreements concluded between the 2020 financial year and the 2024 financial year. A maximum remuneration of €3,245,000 applies to René Aldach, Dr Nicola Kimm, and Dennis Lentz for the remuneration allocated in the 2021 financial year. For the current Chairman of the Managing Board, the corresponding maximum remuneration was set at €8,000,000 based on individual contractual provisions. This corresponds to 158% of the target direct remuneration for the Chairman of the Managing Board and 177% of the target direct remuneration for René Aldach, Dr Nicola Kimm, and Dennis Lentz.

The following table shows compliance with the maximum remuneration on an individualised basis for the members of the Managing Board in office in the 2021 financial year:

Remuneration paid for the 2021 financial year

€'000s/share in %	**Dr Dominik von Achten** Chairman of the Managing Board 2021–2024	**René Aldach** Member of the Managing Board (since 1 Sep. 2021) 2021–2024	**Kevin Gluskie** Member of the Managing Board[1] (until 31 January 2024) 2021–2024	**Hakan Gurdal** Member of the Managing Board 2021–2024	**Ernest Jelito** Member of the Managing Board (until 31 December 2023) 2021–2024	**Dr Nicola Kimm** Member of the Managing Board (since 1 September 2021 until 31 August 2024) 2021–2024	**Dennis Lentz** Member of the Managing Board (since 1 Sep. 2021) 2021–2024	**Jon Morrish** Member of the Managing Board 2021–2024	**Dr Lorenz Näger** Member of the Managing Board (until 31 Aug. 2021) 2021–2024	**Chris Ward** Member of the Managing Board[2] 2021–2024
Fixed annual salary 2021	**1,450**	**200**	**913**	**764**	**700**	**200**	**200**	**899**	**733**	**710**
One-year variable compensation	**2,770**	**297**	**1,314**	**1,133**	**1,045**	**293**	**303**	**1,362**	**1,081**	**1,013**
Annual bonus 2021	2,770	297	1,314	1,133	1,045	293	303	1,362	1,081	1,013
Multi-year variable compensation	**3,781**	**1,209**	**2,302**	**1,921**	**1,750**	**1,209**	**1,209**	**2,255**	**1,833**	**1,775**
Long-term bonus 2021–2023/2024										
Management component tranche 2021–2023	2,175	584	1,151	960	875	584	584	1,127	917	888
Capital market component tranche 2021–2024	1,606	625	1,152	961	875	625	625	1,128	917	888
Total payments for the 2021 financial year	**8,000**	**1,705**	**4,529**	**3,818**	**3,495**	**1,702**	**1,712**	**4,517**	**3,648**	**3,498**
Target direct remuneration 2021	5,075	964	2,794	2,335	2,135	964	964	2,746	2,237	2,166
Total payments for 2021 as % of target remuneration[3]	158%	177%	162%	164%	164%	176%	177%	164%	163%	162%
Maximum remuneration as % of target remuneration	158%	177%	184%	184%	177%	177%	177%	177%	177%	177%
Fixed maximum remuneration for 2021	**8,000**	**3,245**	**5,141**	**4,296**	**3,785**	**3,245**	**3,245**	**4,869**	**3,966**	**3,840**
Maximum remuneration complied with	**yes**	**yes**	**yes**	**yes**	**yes**	**yes**	**yes**	**yes**	**yes**	**yes**

1) The average exchange rate for 2021 (1.5751 AUD/EUR) was used for conversion into euros.
2) The average exchange rate for 2021 (1.1830 AUD/EUR) was used for conversion into euros.
3) For Mr. René Aldach, Dr. Nicola Kimm and Mr. Dennis Lentz, limited interpretability due to pro rata calculation of the long-term bonus over the entire plan term due to the appointment to the Managing Board during the year.

The maximum remuneration was complied with for all members of the Managing Board in office in the 2021 financial year. In the case of Dr Dominik von Achten, the payout of the 2021 tranche of the capital market component of the 2021–2023/2024 long-term bonus will be reduced by €569,500 to comply with the maximum remuneration.

Application of the remuneration system in the 2024 financial year

In the 2024 financial year, remuneration components agreed under the 2024+ Remuneration System as well as those agreed in previous years under the 2021 Remuneration System were paid out. The following section therefore clearly indicates which remuneration components in the 2024 financial year were still (partially) granted under the 2021 Remuneration System.

Non-performance-related remuneration components

Fixed annual salary

The fixed annual salary is a fixed cash payment relating to the financial year, which is based on each Managing Board member's area of responsibility and paid in 12 monthly instalments.

The employment contracts of the members of the Heidelberg Materials Managing Board provide for periodic reviews of the fixed annual salary in order to ensure that the remuneration is competitive, market common, and appropriate in relation to the tasks and performance of the members of the Managing Board and the position of the company. In the 2024 financial year, the Supervisory Board decided to make the following adjustments on the basis of this review process:

Dr Dominik von Achten: Adjustment of the fixed annual salary by 11.5% as of 1 August 2024 in connection with the extension of his mandate until 31 January 2028. Since the last adjustment in October 2022, this corresponds to an annual rate of increase of 6.1%. This adjustment is in line with the positioning of the remuneration of the Chairman of the Managing Board at the median of the DAX peer group, thus ensuring remuneration at a market common, competitive level. Furthermore, the adjustment reflects the key role of the Chairman of the Managing Board in the context of the company's sustainability and digital transformation.

Hakan Gurdal: Adjustment of the fixed annual salary by 10.0% as of 1 February 2024 in connection with the extension of his appointment to the Managing Board until 31 January 2029. Since the last adjustment in January 2021, this corresponds to an annual rate of increase of 3.2%. This adjustment reflects Hakan Gurdal's expanded area of responsibility, which has comprised the Africa-Mediterranean-Western Asia Group area since January 2024.

Jon Morrish: Adjustment of the fixed annual salary by 5.0% as of 1 February 2024 in connection with the extension of his appointment to the Managing Board until 31 January 2029. Since the last adjustment in

January 2021, this corresponds to an annual rate of increase of 1.6%. The adjustment reflects Jon Morrish's expanded area of responsibility, which has comprised the Europe Group area since January 2024.

René Aldach: First-time adjustment of the fixed annual salary by 19.2% as of 1 September 2024 in connection with the extension of his appointment to the Managing Board until 31 August 2029. Since his initial appointment on 1 September 2021, this corresponds to an annual rate of increase of 6.0%. The adjustment reflects René Aldach's expanded area of responsibility, which has included Australia since January 2024, as well as Mr Aldach's achievements in connection with his reappointment for a second term.

Dennis Lentz: First-time the adjustment of fixed annual salary by 19.2% as of 1 September 2024 in connection with the extension of his appointment to the Managing Board until 31 August 2029. Since his initial appointment on 1 September 2021, this corresponds to an annual rate of increase of 6.0%. The adjustment reflects the critical importance of Dennis Lentz's role on the Managing Board in the context of the company's digital transformation, as well as Mr Lenz's achievements in connection with his reappointment for a second term.

In comparison with the rates of increase in the fixed annual salary of the members of the Managing Board concerned, the average annual rate of salary increase for the total workforce of Heidelberg Materials AG over the years 2021 to 2024 was 3.4%. In line with the procedure described, the appropriateness of the remuneration of the Managing Board members concerned was also reviewed in the course of these adjustments. The maximum remuneration pursuant to section 87a of the AktG has not been adjusted.

Fringe benefits

In the 2024 financial year, the taxable fringe benefits of the members of the Managing Board consisted of the provision of company cars and driving services, costs for flights home, tax consulting costs, relocation expenses, housing and school benefits, travel allowances, as well as insurance benefits, individually agreed membership fees, and additional secondment-related benefits. The additional secondment-related benefits included foreign health insurance as well as relocation and cost-of-living expenses.

No further fringe benefits were granted to the members of the Managing Board in the 2024 financial year.

The members of the Managing Board are covered in the company's existing D&O liability insurance. The agreed deductible corresponds to the minimum deductible pursuant to section 93(2)(3) of the AktG in the respective version.

Performance-related remuneration components

The performance-related remuneration components include the annual bonus and the long-term bonus. While the annual bonus relates to a financial year, the long-term bonus has a duration of four years.

For the overall consideration of the company's success, various performance criteria are used within the performance-related remuneration components to measure the target achievement. The performance criteria are derived from the Group strategy and are both financial and non-financial. Furthermore, the majority of the selected performance criteria contribute to the achievement of Heidelberg Materials' sustainability targets.

The following table illustrates the focus of the performance criteria that are anchored in performance-related remuneration and derived from the Group strategy:

Type of performance criteria

Performance criteria	Financial	Non-financial	ESG
Annual bonus			
Profit for the financial year	●	● (not applicable)	● (not applicable)
CO_2 component	● (not applicable)	●	●
Health and safety	● (not applicable)	●	●
Free cash flow	●	● (not applicable)	● (not applicable)
Increase in sustainable revenue	●	● (not applicable)	●
Individual target	○	○	○
Long-term bonus			
EBIT	●	● (not applicable)	● (not applicable)
ROIC	●	● (not applicable)	● (not applicable)
Relative TSR	●	● (not applicable)	● (not applicable)
ESG target	○	○	●

● applicable ○ partly applicable ● not applicable

The Supervisory Board has the option of increasing or reducing the payout amount of the annual bonus and the long-term bonus at its reasonable discretion by a maximum of 15% of the respective target value in order to account for the personal performance of the individual members of the Managing Board and/or exceptional developments or circumstances in accordance with GCGC recommendation G.11. The respective limits on the performance-related remuneration components remain unchanged and have not been increased. If the Supervisory Board exercises this administrative discretion, the extent to which the payout amount is adjusted and the reasons for this will be set out in detail in the remuneration report.

As in previous years, the Supervisory Board did not make use of the option of discretionary adjustment to the remuneration of the Managing Board in the 2024 financial year.

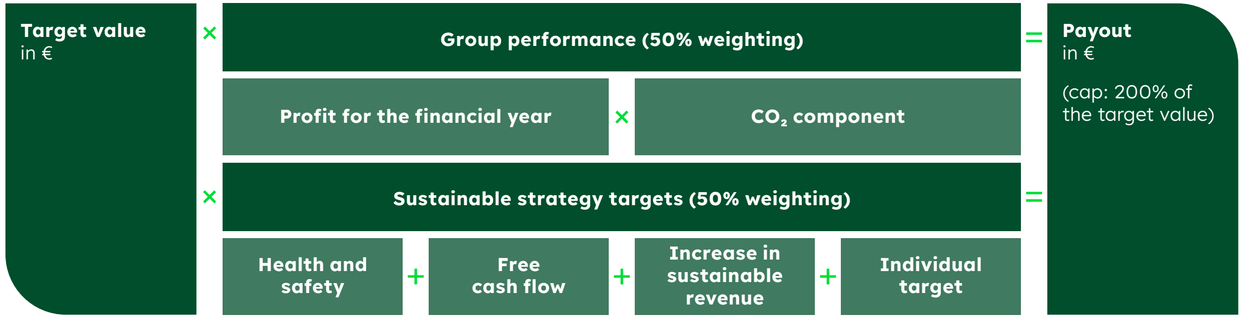
Annual bonus

How it is calculated

The annual bonus is a one-year performance-related remuneration component that provides incentives to implement the operational targets in the financial year. The payout amount depends on the overall target achievement for the performance criteria and can range between 0% and 200% of the individual target value.

The annual bonus is paid in cash after the Annual General Meeting of the following year.

Annual bonus



If a member of the Managing Board joins or leaves during the year, the target value will be reduced pro rata temporis.

Performance criteria

Half of the overall target achievement for the annual bonus is measured by Group Performance and half by Sustainable Strategy Targets.

Group Performance

Group Performance is measured on the basis of the profit for the financial year attributable to the shareholders of Heidelberg Materials AG (profit for the financial year) and the CO_2 component. The target achievement is calculated by multiplying the target achievement for the profit for the financial year by the CO_2 component.

Profit/loss for the financial year attributable to Heidelberg Materials AG shareholders

Basis of this criterion is the profit for the financial year attributable to the shareholders of Heidelberg Materials AG, adjusted for special items. Special items are only taken into account above a value of €20 million.

The profit for the financial year attributable to the shareholders of Heidelberg Materials AG reflects Heidelberg Materials' profitability as a basic parameter. Increasing the value of the Group through sustainable and result-oriented growth is intended to guarantee a lasting entrepreneurial capacity to act. In line with its financial strategy, Heidelberg Materials strives to offer an attractive investment opportunity for its shareholders and to pursue a progressive dividend policy. As a component of the annual bonus, this performance criterion is therefore intended to provide incentives for profitable management.

In order to calculate the target achievement of the profit for the financial year attributable to the shareholders of Heidelberg Materials AG, the Supervisory Board determines a target corridor and the thresholds (floor and cap) at the beginning of the respective financial year. The target achievement can range from 0% to 200%.

For the 2024 financial year, the Supervisory Board set a target corridor of €1,795 million to €1,815 million. The target achievement rate is 100% if the actual value of the profit for the financial year attributable to the shareholders of Heidelberg Materials AG is within the target corridor. The floor was set at €1,595 million and the cap at €1,940 million.

In the 2024 financial year, the actual value of the profit for the financial year attributable to the shareholders of Heidelberg Materials AG, including adjustments for special items relevant to remuneration, amounted to €1,889 million. This results in a target achievement of 159%.

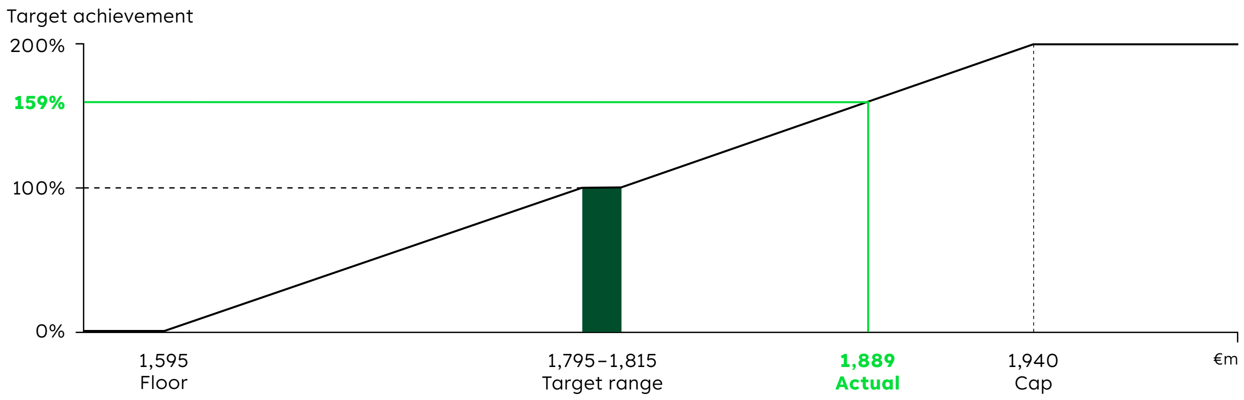
The following adjustments were made:

- Impairment and restructuring in France, Germany, Kazakhstan, Australia, Spain and for the Nordic Precast Group (as far as they were not planned) in the amount of €180 million were added.
- The reversal of a provision for legal dispute won in North America in the amount of €180 million was subtracted.
- Discounting effects from the evaluation of provisions in the amount of €35 million were subtracted.
- Expenses directly related to the rebranding of our Group companies in the amount of €25 million were added.
- Provisions for tax matters in the amount of €21 million were added.
- Provisions for damage claims in North America in the amount of €20 million were added.

For the calculation of the profit for the financial year attributable to the shareholders of Heidelberg Materials AG, the mentioned adjustments are corrected for the respective tax effects.

The following graph presents the target achievement of the performance criterion profit for the financial year:

Profit / loss for the financial year attributable to Heidelberg Materials AG shareholders



CO_2 component

The CO_2 component in the annual bonus is intended to provide a meaningful incentive to achieve the CO_2 reduction targets set as part of the Group strategy. At the same time, the aim is to promote the long-term and sustainable development of Heidelberg Materials by orienting the business model towards resource-efficient production.

The methodology for calculating the CO_2 component is based on an internal definition for the specific CO_2 emissions per tonne of cement. This takes into account the CO_2 emissions of the main process steps in cement manufacture. These include the consumption of raw materials and fuel, as well as clinker production and clinker grinding. The CO_2 emissions of purchased clinker are also taken into account. In line with the EU ETS accounting methodology, the biomass content of the alternative fuels used is considered carbon-neutral.

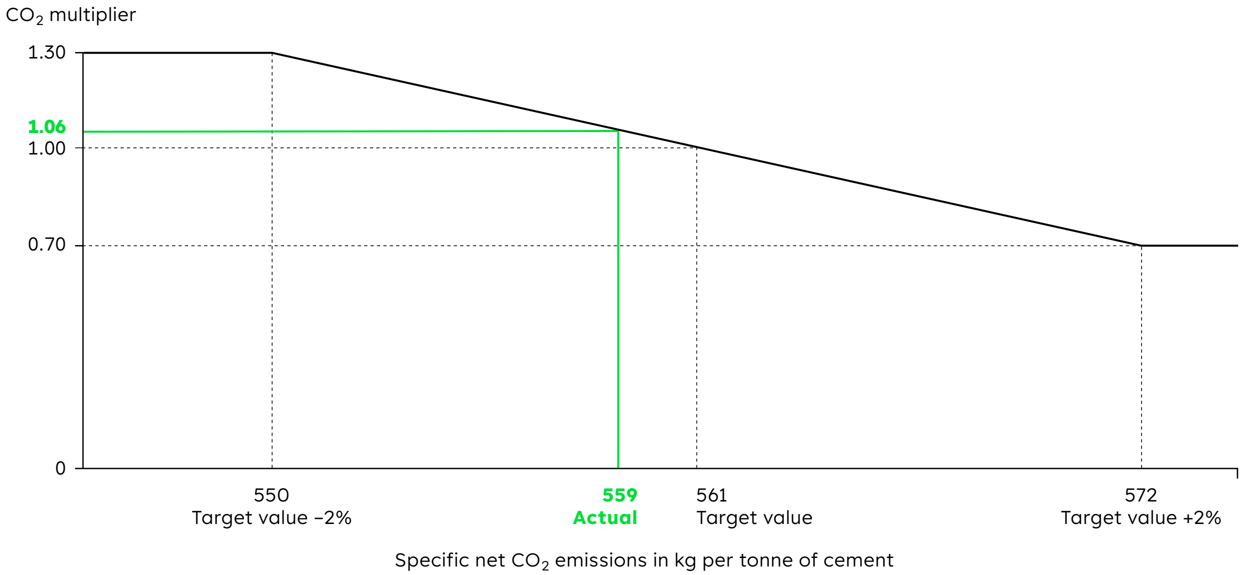
To ensure comparability with relevant competitors, Heidelberg Materials reports on CO_2 emissions in accordance with the guidelines of the Global Cement and Concrete Association (GCCA) CO_2 Protocol (specific net CO_2 emissions per tonne of cementitious material) in the **Non-financial statement chapter of the Annual Report 2024**. Compared with the internal definition, the net CO_2 emissions calculation considers alternative fuels in their entirety as carbon-neutral rather than just their biomass content. As a result, the CO_2 emissions according to the internal definition are higher than those calculated in line with the GCCA standard.

The CO_2 component is set up as a multiplier, which can range between 0.7 and 1.3 (CO_2 multiplier). To determine the CO_2 multiplier, the Supervisory Board defines a target value for the specific CO_2 emissions per tonne of cement at the beginning of the respective financial year. That target value is derived from Heidelberg Materials' long-term CO_2 roadmap and the Group's current CO_2 performance.

For the 2024 financial year, the Supervisory Board set a target value of 561 kg of CO_2 per tonne of cement. Overachievement or underachievement of the target value by up to –2% or +2% leads to a linear increase or decrease of the target achievement. This results in a CO_2 multiplier between 1.3 (at –2.0%: cap) and 0.7 (at +2.0%: floor).

In the 2024 financial year, the actual value of CO_2 emissions was 558.7 kg of CO_2 per tonne of cement. This results in a CO_2 multiplier of 1.06. The following graph shows the target achievement of the CO_2 component:

CO_2 component



Sustainable Strategy Targets

The Sustainable Strategy Targets represent the second target category for the annual bonus. They consist of four different performance criteria. Anchored in the remuneration system are the two criteria health and safety and free cash flow adjusted for special items . This takes into account all cash flow-relevant special items that are also adjusted in the profit for the financial year. The third performance criterion is a sustainability-linked indicator. Targets for the increase of sustainable revenues were agreed with the members of the Managing Board for the 2024 financial year as part of this criterion. As a fourth performance criterion, the Supervisory Board sets an individual target for each member of the Managing Board at the beginning of each financial year.

For the 2024 financial year, the Supervisory Board has defined the weighting of the Sustainable Strategy Targets as follows:

Weighting of the Sustainable Strategy Targets for the 2024 financial year

Health and safety	20%
Free cash flow	40%
Sustainable revenues	20%
Individual target	20%

Health and safety

The Sustainable Strategy Target health and safety is designed to ensure the occupational health and safety of Heidelberg Materials' employees.

In order to achieve this target, the Supervisory Board set specific targets for reducing the lost time injury frequency rate (LTIFR) in the 2024 financial year. Both the relative change in the LTIFR compared with the previous year and the LTIFR per one million hours worked are considered. A target achievement of 100% is reached in the event of a 15% reduction in the LTIFR compared with the previous year, or when the LTIFR is 1.0 per one million hours worked. A target achievement of 0% arises in the event that the LTIFR has increased compared with the previous year or is 2.0 or higher. For a maximum target achievement of 200%, the LTIFR must have been reduced by 30% or more compared with the previous year, or an LTIFR of 0 per one million hours worked must be achieved. Between these measurement points, a lower LTIFR leads to a linear increase of the target achievement and a higher LTIFR leads to a decrease. The better value of the two comparison scales is used to determine the target achievement.

In the 2024 financial year, the specific targets were differentiated by Managing Board responsibility or business line. While the target for the Managing Board members Dr Dominik von Achten, René Aldach, Dr Katharina Beumelburg, Axel Conrads, and Dr Nicola Kimm is measured at Group level, Group-area-specific targets are set for Roberto Callieri (Asia), Hakan Gurdal (Africa-Mediterranean-Western Asia), Jon Morrish (Europe), and Chris Ward (North America). For Dennis Lentz, a target to improve cybersecurity was set for the 2024 financial year as part of the health and safety criterion. The achievement of this target will be measured by evaluating Heidelberg Materials' cybersecurity standards against the criteria of an independent institute (Cybersecurity Framework of the National Institute of Standards and Technology).

In the 2024 financial year, the LTIFR was below 0.5 in the Asia and AMWA Group areas, and around 1.1 in the North America Group area. In the Europe Group area, the LTIFR reduced by around 30% compared with 2023. The external assessment of Heidelberg Materials' cybersecurity standards improved very significantly at Group level in the financial year.

The individual target achievements of the members of the Managing Board for the Sustainable Strategy Target health and safety in the 2024 financial year amount to between 87% and 200% and can be found in the table at the end of this section.

Free cash flow

In order to increase oversight of strategic investments and divestments by taking cash inflow into account, free cash flow is used as a further Sustainable Strategy Target. Depending on the responsibility of the member of the Managing Board concerned, free cash flow is measured at Group or Group area level, adjusted in each case for special items. This takes into account all cash flow-relevant special items that are also adjusted in the profit for the financial year. For the 2024 financial year, the Supervisory Board set a target corridor of 0% to 200%, whereby achieving the free cash flow value set out in the operational plan for the 2024 financial year corresponds to a target achievement of 100%. A target achievement of 0% arises if the free cash flow falls below the value set out in the operational plan by –20% or more. Overachievement of the free cash flow value set out in the operational plan by +15% or more corresponds to a target achievement of 200%. Between these measurement points, a higher free cash flow leads to a linear increase of the target achievement and a lower free cash flow leads to a decrease.

The performance of the free cash flow Sustainable Strategy Target is also assessed either on a Group-wide basis (Dr Dominik von Achten, René Aldach, Dr Katharina Beumelburg, Axel Conrads, Dr Nicola Kimm, Dennis Lentz) or on a Group area-specific basis (Roberto Callieri, Hakan Gurdal, Jon Morrish, and Chris Ward), depending on the responsibilities of the members of the Managing Board.

The individual target achievements of the members of the Managing Board for the free cash flow Sustainable Strategy Target in the 2024 financial year amount to between 170% and 200% and can be found in the table at the end of this section.

Increase of sustainable revenues

The aim of the Sustainable Strategy Target increase of sustainable revenues is to help raise the share of Group revenue generated by sustainable products in the cement business line to 50% by 2030.

The target achievement for the Sustainable Strategy Target increase of sustainable revenues in the 2024 financial year is calculated on the basis of the share of sustainable revenues in the cement business line relative to the corresponding total revenue. The target corridor is between 0% and 200%, whereby a target achievement of 100% is met if the percentage increase envisaged in the operational plan for the 2024 financial year is achieved, while a target achievement of 200% or 0% applies if the percentage increase is 2 percentage points above the operational plan or 2 percentage points below it, respectively. Between these measurement points, a higher share of sustainable revenues relative to total revenue leads to a linear increase of the target achievement and a lower share leads to a decrease.

Performance in terms of the increase of sustainable revenues is also assessed either at Group level (Dr Dominik von Achten, René Aldach, Dr Katharina Beumelburg, Axel Conrads, Dr Nicola Kimm, and Dennis Lentz) or at Group area level (Roberto Callieri, Hakan Gurdal, Jon Morrish, and Chris Ward), depending on the responsibilities of the members of the Managing Board.

In the 2024 financial year, sustainable revenues in almost all Group areas increased by more than the rise forecast in the operational plan. Only in the Asia Group area was the increase in sustainable revenues below the plan figure. The individual target achievements of the members of the Managing Board for the increase of sustainable revenues Sustainable Strategy Target in the 2024 financial year amount to between 55% and 200% and can be found in the table at the end of this section.

Individual target

The individual targets, which are the final component of the Sustainable Strategy Targets, are person-specific targets derived from the specific strategic or operational targets of the respective Managing Board responsibilities. The individual targets for the 2024 financial year are presented in the following table:

Individual target achievement of Managing Board members

	Individual target	2024
Dr Dominik von Achten	Company performance – Project completion Brevik and commercialization of sustainable products – M&A-growth in NAM and Asia	172%
René Aldach	Performance Australia – Evaluation based on RCO, Free Cash Flow and fix cost budget	142%
Dr Katharina Beumelburg (Member of the Managing Board since 1 October 2024)	Sustainability – Further development of the sustainability strategy – Successful onboarding – Development of a 100-Day-Plan	130%
Roberto Callieri (Member of the Managing Board since 1 January 2024)	Major projects and transactions in Asia – Indonesia: Integration of Grobogan plant – M&A-growth in Asia – Progress in separate grinding in Thailand	155%
Axel Conrads (Member of the Managing Board since 1 February 2024)	Major projects and performance of business lines Cement and Aggregates – Progress in key projects Brevik and Airvault – Performance improvement in the business line Cement – Productivity increase in the business line Aggregates	111%
Hakan Gurdal	AMWA Performance – Tanzania: Integration of Tanga plant – Performance Kazakhstan – Progress in production of calcined clay in Ghana	130%
Dr Nicola Kimm (Member of the Managing Board until 31 August 2024)	Sustainability – Drive leadership of Heidelberg Materials in decarbonization – Commercialization of sustainable products – Progress in sustainability commitments and investor ratings	124%
Dennis Lentz	Digitalization – Performance of the investment in Command Alkon (software provider) – Progress in the implementation of remote-controlled facilities – Advancement of ERP systems	155%
Jon Morrish	Performance Europe – Improvement of cost structure in Europe	186%
Chris Ward	Transformation projects in NAM – Progress in major projects in Mitchell and Edmonton – M&A growth in NAM – Progress in the implementation of remote-controlled facilities	144%

In Australia, free cash flow improved significantly during the financial year and the target to reduce fixed costs was achieved, whereas the RCO fell short of the target for demand reasons.

With regard to sustainability, major advances have been made in the commercialisation of sustainable products through the establishment of the mass balance and book-and-claim approaches. In addition, significant improvements were achieved in terms of Heidelberg Materials' assessment in various sustainability ratings.

In the Asia Group area, further progress was made in the integration of PT Semen Grobogan, M&A growth was strengthened with the acquisition of ACE Group in Malaysia, and significant advances were made towards implementing the separate grinding process.

Mechanical completion of the large-scale CCS project in Brevik was achieved ahead of schedule. In the cement business line, the proportion of clinker was reduced in the Group and we further improved the reliability of our cement kilns. Productivity targets in the aggregates business line were not achieved due to weak demand.

The integration of the Tanzanian cement manufacturer Tanga Cement PLC was successfully completed in the AMWA Group area. In addition, progress was made in the performance of the Group country Kazakhstan and in the production of calcined clay as a clinker substitute in Ghana.

With regard to digitalisation, growth in the Command Alkon participation increased and progress was made in the development of remote-controlled facilities for our cement and grinding plants in North America. We also made substantial advances in the transformation of our ERP systems. In the Europe Group area, comprehensive measures were implemented to improve the cost structure.

In the North America Group area, important milestones were reached in the CCS projects in Mitchell and Edmonton, and M&A growth was significantly accelerated through transactions (e.g. Giant Cement, Carver Sand & Gravel, and Highway Materials, Inc.).

For 2024, the achievement rate of the Managing Board members' individual targets was between 111% and 186%.

Target achievement: Sustainable Strategy Targets

The individual target achievements of the members of the Managing Board for the individual Sustainable Strategy Targets are shown in the following table:

Sustainable strategy targets: Individual target achievement 2024 of Managing Board members

€'000s	Health & Safety (20%)	Free cash flow (40%)	Sustainable revenue (20%)	Individual target (20%)	**Total**
Dr Dominik von Achten	162%	178%	194%	172%	177%
René Aldach	162%	178%	194%	142%	171%
Dr Katharina Beumelburg	162%	178%	194%	130%	168%
Roberto Callieri	167%	200%	55%	155%	155%
Axel Conrads	162%	178%	194%	111%	165%
Hakan Gurdal	158%	200%	125%	130%	163%
Dr Nicola Kimm	162%	178%	194%	124%	167%
Dennis Lentz	200%	178%	194%	155%	181%
Jon Morrish	199%	200%	200%	186%	197%
Chris Ward	87%	170%	146%	144%	143%

2024 annual bonus – overall target achievement and payouts

The following table shows the overall target achievement and the resulting payout amount per member of the Managing Board for the 2024 annual bonus:

Overall target achievement Annual bonus 2024

		Target achievement					
		Group performance (50%)			Sustainable strategy targets (50%)		
€'000s	Target value	Profit/loss for the financial year attributable to Heidelberg Materials AG shareholders	CO_2 multiplier	Total		**Total**	**Payout**
Dr Dominik von Achten	1,598				177%	173%	2,765
René Aldach	511				171%	170%	868
Dr Katharina Beumelburg	170				168%	169%	288
Roberto Callieri	528				155%	162%	855
Axel Conrads	439	159%	1.06	169%	165%	167%	734
Hakan Gurdal	672				163%	166%	1,116
Dr Nicola Kimm	320				167%	168%	538
Dennis Lentz	511				181%	175%	894
Jon Morrish	755				197%	183%	1,382
Chris Ward	698				143%	156%	1,088
Total	**6,203**						**10,528**

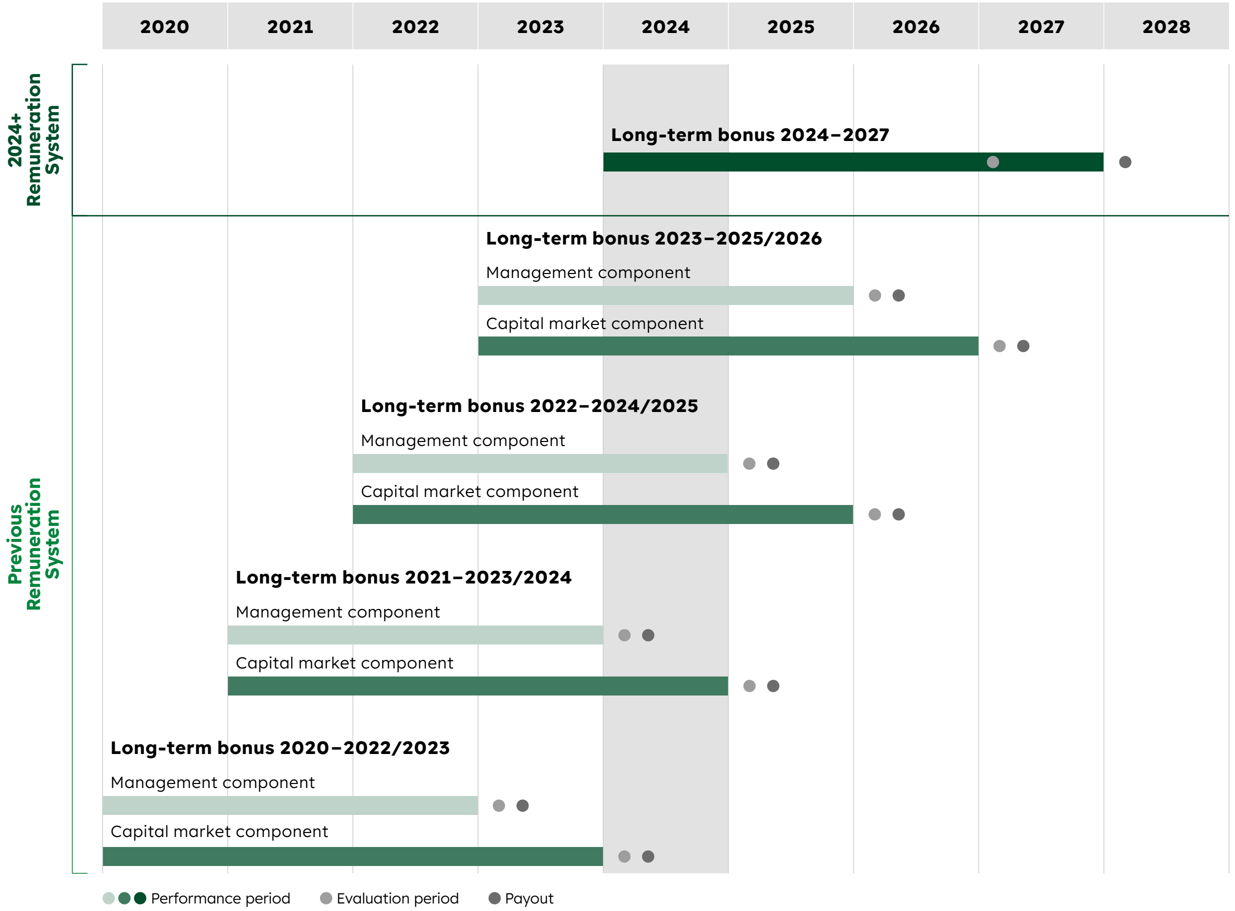
In the event that a Managing Board membership begins or terminates during the year, the target achievement is applied to the target value reduced pro rata temporis in order to calculate the payout amount. In the 2024 financial year, this applies to the newly appointed members of the Managing Board, Axel Conrads and Dr Katharina Beumelburg, and to the two outgoing members of the Managing Board, Kevin Gluskie and Dr Nicola Kimm. The 2024 annual bonus will be paid after the Annual General Meeting in 2025. Since Kevin Gluskie was a member of the Managing Board for only one month in the 2024 financial year and the Supervisory Board was therefore of the opinion that no meaningful performance assessment could be carried out, a special arrangement was made to settle his claims to variable remuneration for this period. For reasons of practicability, Mr Gluskie's 2024 annual bonus was thus valued in accordance with the target achievement of the 2023 annual bonus and paid out following the 2024 Annual General Meeting.

Long-term bonus

The long-term bonus is a performance-related remuneration component based on the company's long-term performance and is allocated in annual tranches.

At the beginning of the 2024 financial year, the new, fully share-based long-term bonus in the form of performance share units (PSUs) was allocated for the first time based on the 2024+ Remuneration System (2024–2027 tranche). The following illustration gives an overview of the payout scheme for the tranche of the long-term bonus allocated in 2024 and the still-outstanding tranches of the long-term bonus based on the 2021 Remuneration System:

Outstanding tranches of the long-term bonus



Calculation of the long-term bonus in accordance with the 2024+ Remuneration System

The long-term bonus is based on virtual shares, so-called performance share units (PSUs), and is allocated in annual tranches. Using PSUs in the long-term bonus establishes a direct link to the performance of the Heidelberg Materials share, strengthening the alignment between the interests of the Managing Board and those of the shareholders.

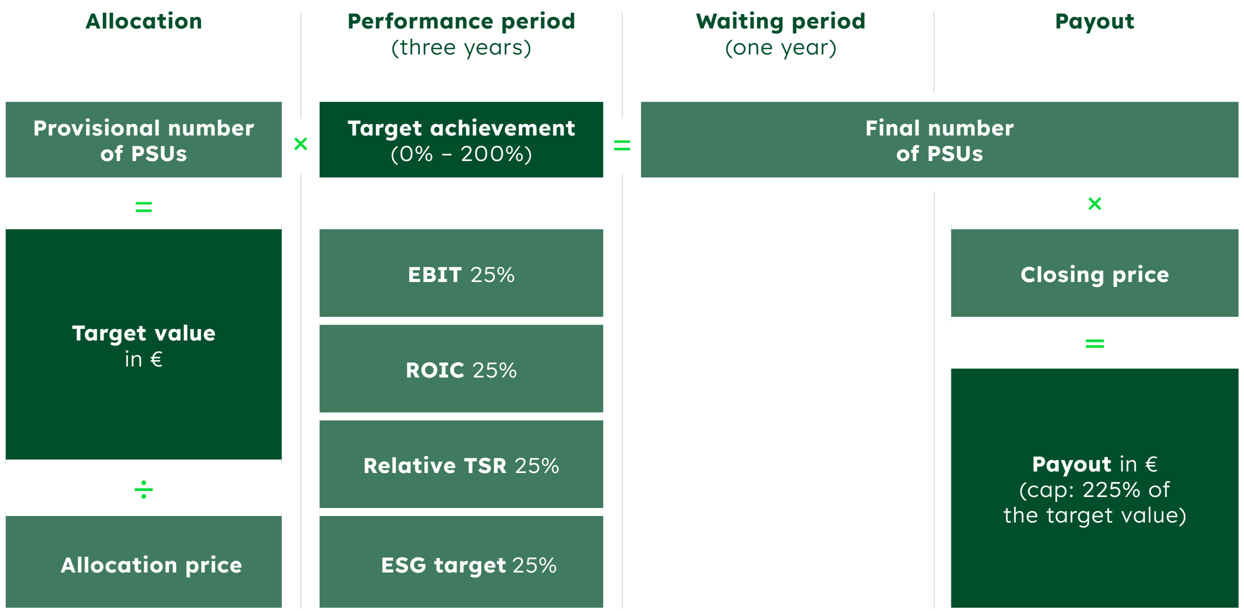
When calculating the long-term bonus, the first step is to determine the number of PSUs to be provisionally allocated. This is done by dividing the contractually agreed grant amount for the long-term bonus by the reference price of the Heidelberg Materials share at the beginning of the duration of a tranche (allocation price). The allocation price is generally the average of the daily closing prices of the Heidelberg Materials share on the Frankfurt Stock Exchange Xetra trading system in the three months prior to the day on which the duration of a tranche begins.

The long-term bonus has a duration of four years. This consists of a three-year performance period and a one-year waiting period. At the end of the performance period, the target achievement for the performance criteria is determined and the final number of PSUs is calculated. The target achievement can range between 0% and 200%. The final number of PSUs is calculated by multiplying the provisionally allocated number of PSUs by the target achievement.

The payout is made following a one-year waiting period that begins after the performance period. The final number of PSUs is then multiplied by the current reference price of the Heidelberg Materials share (closing price), adjusted for notionally reinvested dividend payments and for changes in capital. The closing price is generally the average of the daily closing prices of the Heidelberg Materials share on the Frankfurt Stock Exchange Xetra trading system in the three months prior to the day on which the waiting period expires.

Payouts from the long-term bonus are capped at a maximum of 225% of the contractually agreed grant amount and are made after the Annual General Meeting following expiry of the duration. In order to fulfil the Share Ownership Guidelines, half of the payout amount must be used to acquire Heidelberg Materials shares until the complete share ownership requirement has been met (see **Share Ownership Guidelines section**).

Long-term bonus according to 2024+ Remuneration System



The following table summarises the individual grant amounts per Managing Board member, the allocation price, the number of provisionally allocated PSUs, and the maximum possible number of PSUs at the end of the performance period for the 2024–2027 long-term bonus:

Allocation long-term bonus 2024–2027

€'000s	Award value	Allocation price in €	Number of provisionally allocated PSUs	Maximum possible number of PSUs
Dr Dominik von Achten	2,397	73.48	32,624	65,248
René Aldach	798		10,859	21,718
Dr Katharina Beumelburg[1)]	266		3,622	7,244
Roberto Callieri	825		11,228	22,456
Axel Conrads[2)]	688		9,356	18,712
Hakan Gurdal	1,051		14,300	28,600
Dr Nicola Kimm[3)]	500		6,805	13,610
Dennis Lentz	798		10,859	21,718
Jon Morrish	1,180		16,065	32,130
Chris Ward	1,068		14,539	29,078
Total	**9,571**		**130,257**	**260,514**

1) Calculation basis: Pro-rata calculation of the award value due to entry as of 01.10.2024.
2) Calculation basis: Pro-rata calculation of the award value due to entry as of 01.02.2024.
3) Calculation basis: Pro-rata calculation of the award value due to exit as of 31.08.2024.

Due to the standardisation of the duration of the long-term bonus to four years, there will be a one-time shift of the payout in the 2027 financial year, as only the capital market component of the 2023 tranche of the long-term bonus (50% of the original grant amount) will be paid out in that financial year.

To mitigate this one-time shift of the payout in the 2027 financial year, 25% of the payout amount of the 2024 tranche of the long-term bonus, provisionally calculated on the basis of the determined target achievement, will be paid after the three-year performance period. The payout amount is calculated based on the reference price of the Heidelberg Materials share valid at the end of the three-year performance period, which in turn is adjusted for notionally reinvested dividend payments and for changes in capital. This payout will then be offset against the regular payout of the 2024 tranche of the long-term bonus, taking into account the reference price of the Heidelberg Materials share at the end of the waiting period in the 2028 financial year. The provisional payout thus does not constitute additional or guaranteed remuneration.

In the event that a Managing Board membership begins or terminates during the year, the grant amount for the tranche allocated in the corresponding financial year is reduced pro rata temporis. In the 2024 financial year, this applies to the newly appointed members of the Managing Board, Axel Conrads and Dr Katharina Beumelburg, and to the two outgoing members of the Managing Board, Kevin Gluskie and Dr Nicola Kimm.

Since Kevin Gluskie was a member of the Managing Board for only one month in the 2024 financial year, a special arrangement was made to settle his claims to variable remuneration for this period for reasons of practicability. Mr Gluskie's 2024 long-term bonus was thus valued in accordance with the target achievement of the management and capital market components of Mr Gluskie's long-term bonus completed at the end of the 2023 financial year, respectively, and paid out following the 2024 Annual General Meeting.

In accordance with his employment contract, Kevin Gluskie also received an advance payout of 100% of the grant amounts of all tranches of the long-term bonus outstanding at the time of his departure. This advance payout will be offset against the regular payout of the respective tranche of the long-term bonus, which may result in both additional payments to Kevin Gluskie and clawbacks by Heidelberg Materials AG. The advance payout therefore does not constitute additional or guaranteed remuneration. Advance payouts of the long-term bonus as a result of the departure of a member of the Managing Board are no longer provided for in the 2024+ Remuneration System.

Performance criteria for the long-term bonus in accordance with the 2024+ Remuneration System

The overall target achievement for the long-term bonus in accordance with the 2024+ Remuneration System is determined on the basis of the equally weighted performance criteria EBIT, ROIC, relative TSR, and ESG target.

EBIT

The basis for this performance criterion is earnings before interest and taxes (EBIT), which is adjusted for one-time extraordinary effects. As for the calculation of the profit for the financial year, only special items above a threshold of €20 million are taken into account.

EBIT is a measure of profitability and reflects the economic strength of Heidelberg Materials. Combined with the profit for the financial year in the annual bonus, incentives for profitable management are thus provided in both the short-term and long-term performance-related remuneration components.

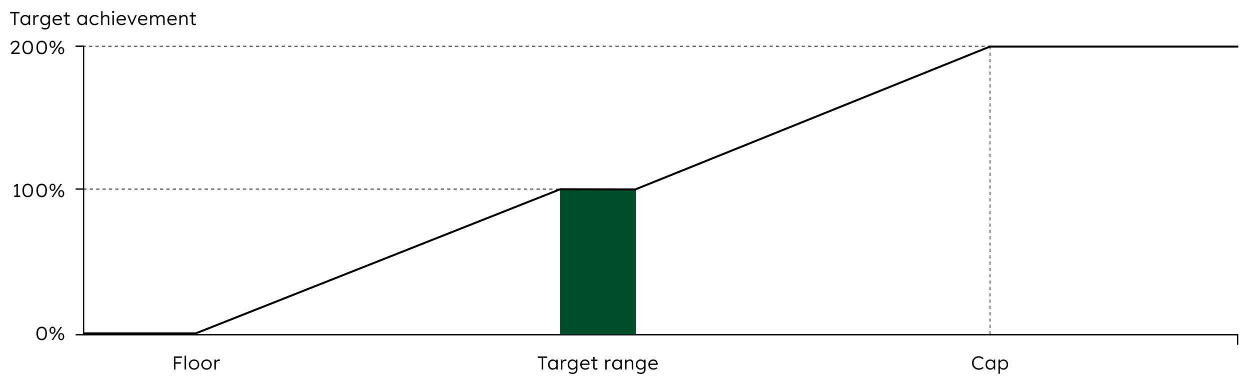
At the beginning of each tranche, the Supervisory Board determines a target corridor, which is derived from the Group's three-year operational plan, as well as the thresholds (floor and cap). The calculation of the target achievement at the end of the performance period is based on a comparison of the average EBIT over the three-year performance period with the specified target corridor. The target achievement can range from 0 % to 200 %.

ROIC

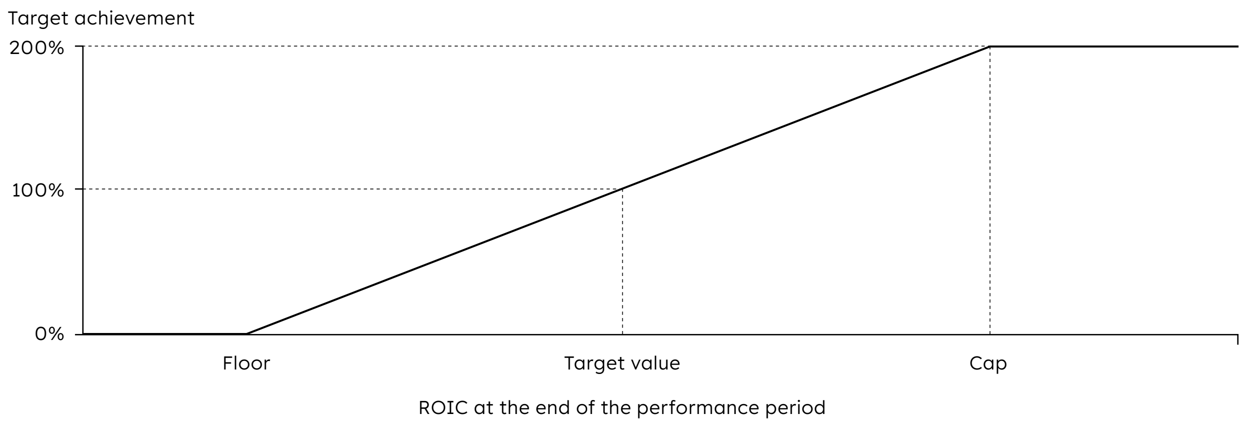
The performance criterion is based on return on invested capital (ROIC). ROIC is calculated as the ratio between EBIT adjusted for exchange rate effects less standard taxes and invested capital according to the consolidated balance sheet, also adjusted for exchange rate effects. The Supervisory Board may adjust ROIC for impairments that could not be influenced by the Managing Board during the performance period, or could only be influenced to a limited extent. ROIC is one of Heidelberg Materials' most important financial performance indicators. The inclusion of ROIC as a performance criterion in the long-term bonus therefore provides further incentives to increase capital efficiency in line with the Group strategy.

The ROIC target achievement is measured by comparing the target value set at the beginning of the respective tranche with the average ROIC over the performance period. The floor and cap of the target achievement curve at the beginning of the performance period are defined depending on the target value. The target value set by the Supervisory Board is derived from the company's relevant three-year operational plan. The target achievement can range from 0 % to 200 %.

Exemplary target achievement curve for EBIT



Exemplary target achievement curve for ROIC



For the performance criterion EBIT, the defined target corridor, the thresholds (floor and cap), as well as the resulting target achievement and the adjustments made for the calculation of target achievement are disclosed in the remuneration report after the duration of the respective tranche.

For the performance criterion ROIC, the defined target value, the thresholds (floor and cap), as well as the resulting target achievement and the adjustments made for the calculation of target achievement are disclosed in the remuneration report after the duration of the respective tranche.

Relative TSR

The total shareholder return (TSR) performance is determined by comparing the performance of the Heidelberg Materials share (calculated as percentage increase in share value taking into account reinvested dividend payments and adjustments for capital measures) with a peer group.

Relative TSR represents a capital market-oriented performance criterion that provides an incentive for the sustainable and long-term outperformance of the peer group and is thus in line with Heidelberg Materials' target of offering shareholders an attractive investment opportunity.

For the 2024–2027 tranche, the peer group used to measure relative TSR is composed of the following competitors of Heidelberg Materials:

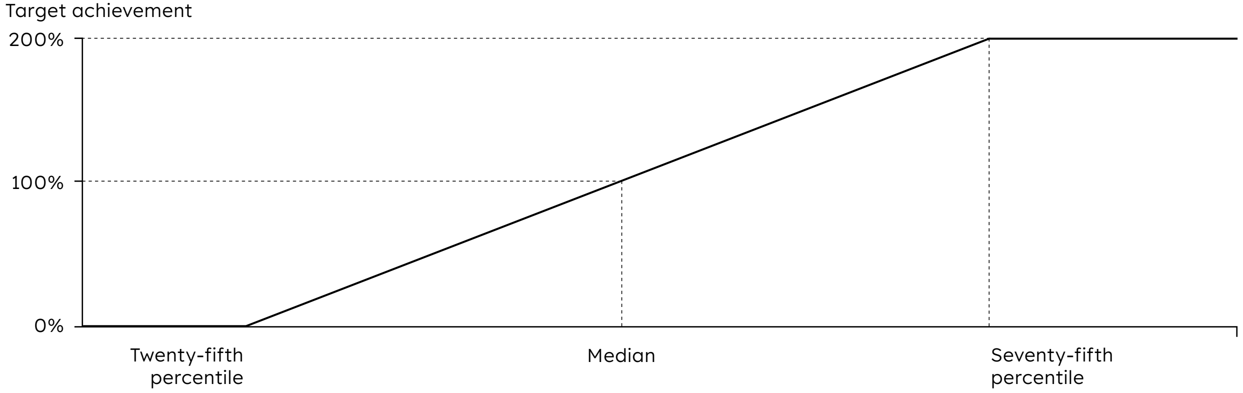
Peer group used from 2024 onwards

Global	Europe	North America	Asia
Cemex S.A.B.	ACS, S.A.	Eagle Materials Inc.	PT Semen Indonesia Tbk
CRH plc	Bouygues SA	Martin Marietta Materials Inc.	
Holcim Ltd	Breedon Group plc	Summit Materials, Inc.	
	Buzzi S.p.A	Vulcan Materials Co.	
	Skanska AB		
	Titan Cement Int. S.A.		
	Vicat SA		

As part of the resolution on the 2024+ Remuneration System, the Supervisory Board defined the peer group for measuring relative TSR. The company Boral Limited, which was included in the chosen peer group, was delisted from the stock exchange following a takeover. As a result, the Boral Limited share can no longer be taken into account when determining the TSR performance. In line with the 2024+ Remuneration System, the Supervisory Board has adjusted the peer group and excluded Boral Limited from it. The Supervisory Board has the option of adjusting the peer group again in the future if necessary, for example if individual companies no longer serve as a meaningful comparison or other competitors grow in importance.

The target achievement range for the relative TSR at the end of the performance period is 0% to 200%. To measure the relative TSR, the TSR performance of Heidelberg Materials and the peer group companies over the performance period is ranked. The target achievement is calculated based on Heidelberg Materials' rank within the peer group according to the following target achievement curve:

Target achievement curve for relative TSR



The target achievement rate is 100% if Heidelberg Materials' TSR corresponds to the median within the peer group. Below the 25th percentile, the target achievement is 0%; above the 75th percentile, it is 200%. Between these measurement points, the target achievement is determined by means of linear interpolation. The Supervisory Board set the target achievement curve in line with German market practice and with a view to achieving a balanced risk and opportunity profile.

ESG target

In the context of the global challenges caused by climate change and resource scarcity, the Supervisory Board has decided to include an ESG target in the long-term bonus from 2024 onwards in order to provide strong incentives to achieve Heidelberg Materials' ambitious sustainability targets in the long-term performance-related remuneration component as well.

At the beginning of the duration of a tranche of the long-term bonus, the Supervisory Board sets a measurable and quantifiable ESG target. The ESG target is derived from Heidelberg Materials' Group and sustainability strategy, taking into account the results of the materiality analysis carried out as part of sustainability reporting (see also **Non-financial statement chapter of the Annual Report 2024**).

The Supervisory Board will determine the ESG target for each tranche of the long-term bonus as needed, taking into account the progress made on the various corporate targets, such as those within the framework of the Sustainability Commitments 2030.

For the ESG target, the Supervisory Board determines a target value corresponding to a target achievement of 100%, a lower threshold (floor) corresponding to a target achievement of 0%, and an upper threshold (cap) corresponding to a target achievement of 200%. The target values set for the ESG target, the floor and cap, and the target achievements are disclosed in the remuneration report after the duration of the respective tranche.

For the 2024 tranche of the long-term bonus, the Supervisory Board agreed targets with the members of the Managing Board to reduce specific CO_2 emissions per tonne of cement over the three-year performance period of the long-term bonus. The specific CO_2 emissions per tonne of cement are measured in accordance with the internal logic described in the CO_2 component section, which also applies to the measurement of target achievement in the annual bonus.

Reducing CO_2 emissions is a key lever when it comes to achieving Heidelberg Materials' Sustainability Commitments 2030. The use of the CO_2 multiplier in the annual bonus, in combination with the definition of CO_2 reduction targets over a three-year period in the long-term bonus, is intended to create a balanced incentive profile for the members of the Managing Board in order to achieve the target of reducing CO_2 emissions to 400 kg of CO_2 per tonne of cementitious material by 2030.

Calculation of the long-term bonus in accordance with the previous remuneration system

Before the 2024+ Remuneration System came into force, tranches of the long-term bonus were allocated in accordance with the 2021 Remuneration System, the last time being in the 2023 financial year. The tranches of the long-term bonus to be paid out in the period 2024–2026 will therefore still follow the methodology of the previous long-term bonus. The latter consists of two components.

Management component

The management component is structured as a performance cash plan. It has a three-year performance period and considers internal added value as measured by the equally weighted performance criteria EBIT and ROIC. The target value for the management component is 50% of the total grant amount for the long-term bonus. At the end of the performance period, the Supervisory Board determines the target achievement for the management component. The overall target achievement can range between 0% and 200%.

Capital market component

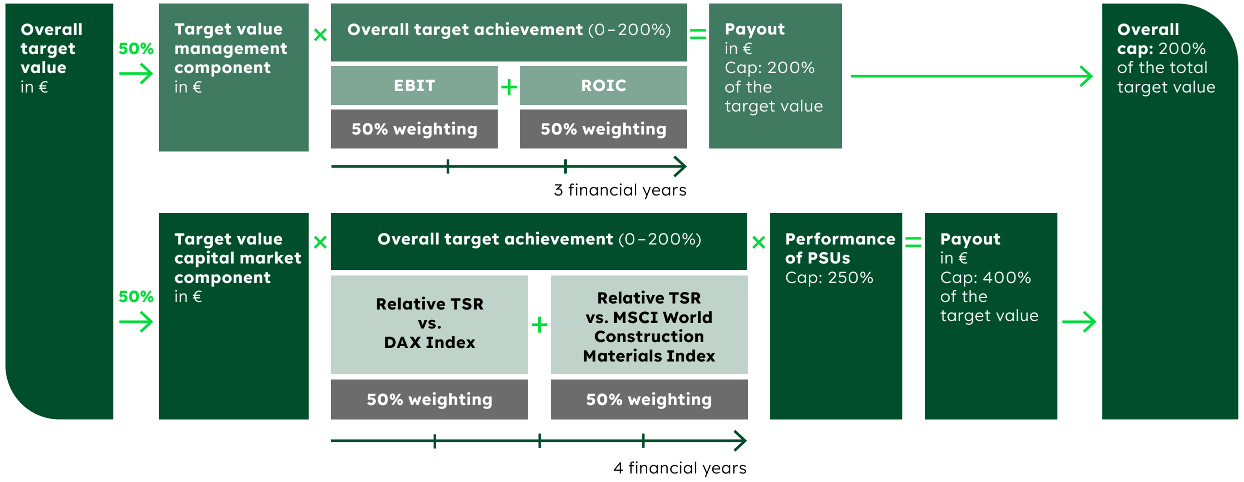
The capital market component is based on PSUs, has a four-year performance period, and takes into account the external added value, measured using the performance criterion TSR compared with the relevant capital market indices. For the capital market component, the first step is to determine the number of PSUs to be provisionally allocated. The number of PSUs is calculated on the basis of 50% of the overall grant amount for the long-term bonus divided by the reference price of the Heidelberg Materials share at the start of the performance period (allocation price). The allocation price is the average of the daily closing prices of the Heidelberg Materials share on the Frankfurt Stock Exchange Xetra trading system in the three months prior to the start of the performance period.

At the end of the four-year performance period, the target achievement is determined for the performance criterion of the capital market component. The target achievement can range between 0% and 200%. The final number of PSUs is calculated by multiplying the provisionally allocated number of PSUs by the target achievement. The resulting number of PSUs is then multiplied by the current reference price of the Heidelberg Materials share at the end of the performance period (closing price), adjusted for the notionally reinvested dividend payments and for changes in capital. The closing price is the average of the daily closing prices of the Heidelberg Materials share on the Frankfurt Stock Exchange Xetra trading system in the three months prior to the start of the performance period. The increase in value per PSU is limited to 250% of the allocation price.

The management component is paid in cash after the Annual General Meeting of the year following the three-year performance period and is limited to 200% of the grant amount. The capital market component is paid in cash after the Annual General Meeting of the year after the four-year performance period and is limited to 400% of the grant amount.

Payouts from the overall long-term bonus are capped at a maximum of 200% of the contractually agreed grant amount, where the amount of the capital market component can offset the amount of the management component payout.

Long-term bonus



Performance criteria of the management component in accordance with the previous remuneration system

The overall target achievement for the management component is determined on the basis of the equally weighted performance criteria adjusted EBIT and ROIC.

EBIT

The basis for this performance criterion is the EBIT, which is adjusted for one-time extraordinary effects. As for the calculation of the profit for the financial year attributable to the shareholders of Heidelberg Materials AG, only special items above a threshold of €20 million are taken into account.

At the beginning of each tranche, the Supervisory Board determined a target corridor, which is derived from the Group's three-year operational plan, as well as the thresholds (floor and cap). The calculation of the target achievement at the end of the performance period is based on a comparison of the average EBIT over the three-year performance period with the specified target corridor. The target achievement can range from 0% to 200%.

ROIC

This performance criterion is based on ROIC. In the 2023 tranche of the long-term bonus, adjusted ROIC is calculated as EBIT adjusted for exchange rate effects less standard taxes and divided by invested capital. EBIT is adjusted solely for exchange rate differences compared with the assumptions made in the operational plan in the first year of the performance period. The standard tax rate is calculated by dividing the current tax expense (non-deferred) for the current year by the profit before tax adjusted for impairments. For tranches of the long-term bonus that were awarded before 2023, a different calculation methodology applies, which is described in the **Completed tranches at the end of the 2024 financial year section**.

The ROIC target achievement is measured by comparing the target value set at the beginning of the respective tranche with the actual value at the end of the performance period. The floor and cap of the target achievement curve are defined depending on the target value. The target value set by the Supervisory Board is derived from the company's relevant three-year operational plan. The target achievement can range from 0% to 200%.

Performance criterion of the capital market component in accordance with the previous remuneration system

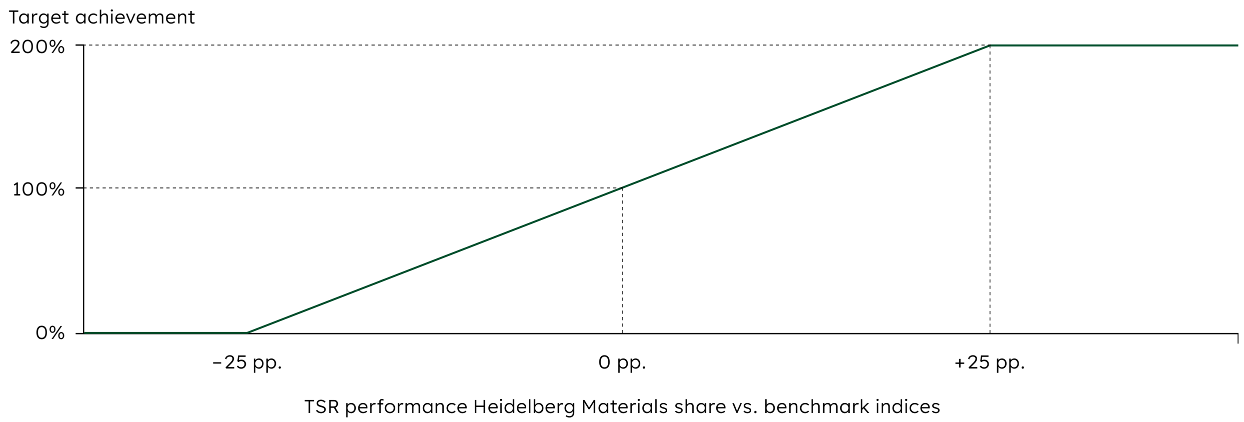
For the capital market component, the target achievement is measured using the performance criterion relative TSR.

Relative TSR

The TSR performance is determined by comparing the performance of the Heidelberg Materials share (calculated as percentage increase in share value taking into account reinvested dividend payments and adjustments for capital measures) with the performance of the two capital market indices DAX and MSCI World Construction Materials Index.

The target achievement range for determining the final number of PSUs at the end of the performance period is 0% to 200%. Target achievement is measured by the change in TSR based on a four-year reference period prior to the start of the plan over the four-year duration of the performance period (degressive smoothing). The development of the TSR of the Heidelberg Materials share is determined and compared with the respective development of the benchmark indices. Target achievement is then calculated on the basis of the average relative TSR using the following target achievement curve:

Relative TSR



Completed tranches at the end of the 2024 financial year

At the end of the 2024 financial year, the 2022 tranche of the management component (2022–2024/2025 long-term bonus) and the 2021 tranche of the capital market component (2021–2023/2024 long-term bonus) were completed. The structure of the two completed tranches largely follows the methodology of the long-term bonus in accordance with the 2021 Remuneration System as described above.

2022 tranche of the management component

Deviating from the calculation methodology applied for the 2023 tranche and described in the previous section, ROIC is calculated as the ratio between the adjusted EBIT minus standard taxes and invested capital.

Invested capital is calculated as equity plus net financial liabilities less loans, financial investments, and current interest-bearing receivables at the end of the performance period. Invested capital is calculated as the average of the opening balance sheet and the closing balance sheet of the last year of the performance period of the management component.

Before the start of the tranche, a target corridor of €2,490 million to €2,590 million corresponding to a target achievement of 100% was set for EBIT. The actual EBIT value, which is calculated as the average of the EBIT over the three years of the performance period, was €2,844 million (2022: €2,419 million, 2023: €2,957 million, 2024: €3,157 million). The individual annual figures are adjusted for the special items that were also taken into account when determining the profit for the financial year attributable to the shareholders of Heidelberg Materials AG for the purposes of the annual bonus, insofar as they have an impact on EBIT. In previous years and the 2024 financial year, these were primarily restructuring expenses, impairments, and gains on disposals. This results in a target achievement for EBIT of 200%.

Before the start of the tranche, a target value of 8.88% was set for ROIC, for which a target achievement of 100% could be reached. The lower threshold (floor) for ROIC, where the target achievement is 0%, is 8.20%, while the upper threshold (cap) for ROIC, which must be reached for a target achievement of 200%, is 9.20%. The actual ROIC value at the end of the performance period is 9.85%, corresponding to a target achievement of 200%.

Based on the target achievements in the two performance criteria, the overall target achievement for the 2022 tranche of the management component is 200%.

The table summarises the target values, thresholds (floor and cap), as well as actual values and target achievements per performance criterion:

Target achievement in management component of long-term bonus 2022–2024/2025

		Target achievement curve				
€m		Floor	Target corridor/ value	Cap	Actual value	**Target achievement**
EBIT	50%	2,400	2.490 – 2.590	2,650	2,844	200%
ROIC	50%	8.20%	8.88%	9.20%	9.85%	200%
Total	**100%**					**200%**

The following table shows the payout amount per member of the Managing Board resulting from the overall target achievement for the 2022 tranche of the management component:

Management component of long-term bonus 2022–2024/2025

		Target achievement			
€'000s	Award value	EBIT	ROIC	Total	**Payout**
Dr Dominik von Achten	1,130				2,259
René Aldach	375				750
Kevin Gluskie	582				1,163
Hakan Gurdal	481				963
Dr Nicola Kimm	375	200%	200%	200%	750
Dennis Lentz	375				750
Jon Morrish	564				1,129
Chris Ward	478				956
Total	**4,360**				**8,720**

The payout from the 2022 tranche of the management component will be made following the Annual General Meeting in 2025.

2021 tranche of the capital market component

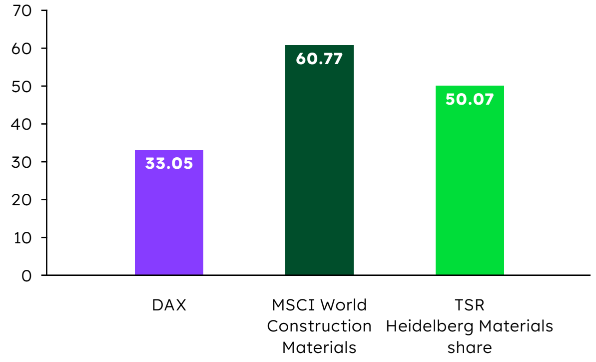
The target achievement for the 2021 tranche of the capital market component was measured analogously to the methodology of the long-term bonus in accordance with the previous remuneration system as described above on the basis of the performance criterion relative TSR.

While the DAX recorded an increase of 33.05% over the four-year performance period compared with the reference period and the MSCI World Construction Materials Index an increase of 60.77%, the TSR of the Heidelberg Materials share was 50.07% at the end of the performance period. This results in a difference of +17.0 percentage points compared with the DAX and a difference of –10.7 percentage points compared with the MSCI World Construction Materials Index. This amounts to an average difference of 3 percentage points. The overall target achievement rate for the relative TSR is therefore 112% for the 2021 tranche of the capital market component.

The allocation price for determining the number of provisionally allocated PSUs at the start of the tranche was €57.00. The closing price, including notionally reinvested dividends and adjusted for changes in capital, was €128.07 at the end of the performance period. This corresponds to an increase of 125% over the performance period.

Pursuant to the conditions of the long-term bonus plan, the sum of the payout amounts from the management and capital market components of a tranche is limited to 200% of the respective grant amount. Since the management component of the 2021 tranche of the long-term bonus reached a target achievement of 200%, the payout amount for the capital market component of this tranche is also limited to 200%. Applying the target achievement and the payout price calculated as described above thus gives a payout amount for the 2021 tranche of the capital market component of 200% of the respective grant amount.

Performance of the benchmark indices and the TSR of the Heidelberg Materials share in %



Development of the Heidelberg Materials share in €

The following table describes the main elements of the 2021 tranche of the capital market component per member of the Managing Board:

Summary of the capital market component of the long-term bonus 2021–2023/2024

€'000s	Target value	Allocation price in €	Number of provisionally allocated PSUs	Target achievement relative TSR	Final number of PSUs	Closing price in €	Payout[4]
Dr Dominik von Achten[1]	1,088	57.00	19,079	112.00%	21,368	128.07	1,605
René Aldach	313		5,485		6,143		625
Kevin Gluskie[2]	576		10,104		11,316		1,152
Hakan Gurdal	480		8,427		9,438		961
Dr Nicola Kimm	313		5,485		6,143		625
Dennis Lentz	313		5,485		6,143		625
Jon Morrish	564		9,891		11,078		1,128
Chris Ward[3]	444		7,786		8,720		888
Total	**4,089**		**71,742**		**80,351**		**7,608**

1) To ensure compliance with the maximum remuneration, the payout for Dr. Dominik von Achten is limited to 1,605 k€.
2) The average exchange rate in 2021 (1.5751 AUD/EUR) was used to convert the long-term bonus into euros.
3) The average exchange rate in 2021 (1.1830 USD/EUR) was used to convert the long-term bonus into euros.
4) Due to the target achievement of 200% of the management component of the long-term bonus 2021–2023/2024, the payout per member of the Managing Board is limited to 200% of the respective target value.

Pension commitment/cash allowance

Defined contribution pension commitment

Members of the Managing Board who have been newly appointed or reappointed since 2019 are generally provided with a defined contribution pension commitment, based on which the company will pay the Managing Board member an annual pension contribution. The amount of this contribution is reviewed on a regular basis. In the framework of a capital market-oriented model, these contributions are used to acquire fund shares that are credited to a pension account. The Managing Board member is entitled to a one-off capital payment in the amount of the value of the pension account at the time of benefit commencement. Alternatively, the Managing Board member can choose to receive an annuity based on the accumulated pension capital. The pension contributions accumulated over the duration of the commitment are guaranteed.

Dr Dominik von Achten, René Aldach, Dr Katharina Beumelburg, Axel Conrads, Hakan Gurdal, Dr Nicola Kimm, Dennis Lentz, and Jon Morrish each had a defined contribution pension commitment in the 2024 financial year. Due to his retirement and resignation from the Managing Board on 31 December 2023 and his choice of a one-off capital payment, Ernest Jelito received a payment in 2024 equal to the value of his pension account held as part of his defined contribution pension commitment.

Cash allowance

As an alternative to granting the defined contribution pension commitment, the Supervisory Board may grant members of the Managing Board a fixed monetary amount for their own private pension provision (cash allowance).

In the 2024 financial year, such an agreement was made with Roberto Callieri, who joined the Managing Board in January 2024. In lieu of a pension commitment, an annual cash allowance is also provided to Chris Ward, which can be used to finance a private pension plan.

Defined benefit pension commitment (old commitment)

The retirement agreements of the members of the Managing Board appointed prior to 2019 contained the commitment to an annual retirement pension in the form of a percentage of their pensionable income. The percentage was limited to 4% per commenced year of service; the maximum amount was 40% of the pensionable income. The pensionable income was agreed individually for each member of the Managing Board.

When the respective members of the Managing Board were reappointed, these defined benefit pension commitments were fixed at the value of the pension benefit at the changeover date. In addition to their defined contribution pension commitment, the members of the Managing Board concerned therefore have a defined benefit commitment in the amount of the defined benefit entitlements earned up to the date on which the defined contribution pension commitment is granted. In the 2024 financial year, this applied to Dr Dominik von Achten, Hakan Gurdal, and Jon Morrish. Upon Kevin Gluskie's departure on 31 January 2024, his defined benefit pension commitment was settled by a one-off payment equal to the present value of the commitment at the date of his departure in accordance with his contract of employment.

Commencement of benefits

Entitlement to pension benefits arises in the case of both defined contribution and defined benefit pension commitments either:

- After leaving the company upon reaching retirement age (pension benefit paid on an individual basis between the 62nd and 63rd year of age), or
- In the event of premature termination of contract for reasons for which the Managing Board member is not responsible, provided that they have reached the age of 60 or 62 at the time of termination of contract, or
- Due to permanent disability owing to illness

Survivor pension benefit

The retirement agreements include a survivor pension benefit. If a member of the Managing Board dies during the term of his or her employment contract or after benefit commencement, their widow or widower and dependent children receive a widow's, widower's, or orphan's pension. In the case of defined benefit commitments, the widow/widower's pension is 60% and the orphan's pension 10% of the deceased's pension benefit as long as a widow/widower's pension is being paid at the same time. If a widow/widower's pension is not being paid at the same time, the orphan's pension is 20% of the deceased's pension benefit. In the case of defined contribution commitments, the full entitlement to the value of the pension account shall pass to the widow or widower and the surviving children.

Service costs and present values of defined benefit entitlements

The service costs and present values of the existing defined benefit entitlements as at 31 December 2024 are presented in the following table per member of the Managing Board:

Pension commitments (IAS 19)

	Service costs		Present value of the pension obligations	
€'000s	2023	**2024**	2023	**2024**
Dr Dominik von Achten	359	417	11,464	11,579
René Aldach	164	179	613	959
Dr Katharina Beumelburg	–	63	–	61
Axel Conrads	–	194	–	225
Kevin Gluskie	525	49	4,623	–
Hakan Gurdal	383	247	2,818	2,884
Dr Nicola Kimm	214	153	605	863
Dennis Lentz	145	164	613	1,011
Jon Morrish	324	216	3,134	2,930
Total	**2,115**	**1,682**	**23,871**	**20,512**

In addition to the amount of the agreed benefit and the agreed contribution, both the service costs and the present values of the defined benefit entitlements depend in a substantial way on various actuarial parameters, such as the age of the individual member of the Managing Board and the current interest rate level.

Share Ownership Guidelines

To further harmonise the interests of the Managing Board and the shareholders of Heidelberg Materials, the Supervisory Board has adopted share ownership guidelines. The members of the Managing Board are obliged to acquire shares of Heidelberg Materials AG in the amount of a fixed, relative proportion of their fixed annual salary and to hold these shares for the term of their membership of the Managing Board.

The obligation amounts to 180% of the fixed annual salary for the Chairman of the Managing Board and 100% of the fixed annual salary for regular members of the Managing Board. In order to comply with the requirements, half of the payout amounts from the long-term bonus that the member of the Managing Board has received for their activities on the Managing Board must be used to acquire shares of Heidelberg Materials AG until the complete share ownership level has been reached. Company shares that are already held by members of the Managing Board are taken into account when calculating share ownership.

The following table provides an overview of the share ownership status per member of the Managing Board:

Share ownership as at 31 December 2024 of current members of the Managing Board

	Target in % of fixed annual salary	**Status**	**Value of shares held as of 31 December 2024 as % of fixed annual salary**
Dr Dominik von Achten	180%	Investment target fully achieved	182%
René Aldach	100%	In accumulation phase	78%
Dr Katharina Beumelburg [1)]	100%	In accumulation phase	-
Roberto Callieri [1)]	100%	In accumulation phase	-
Axel Conrads [1)]	100%	In accumulation phase	94%
Hakan Gurdal	100%	Investment target fully achieved	101%
Dennis Lentz	100%	In accumulation phase	48%
Jon Morrish	100%	Investment target fully achieved	129%
Chris Ward	100%	Investment target fully achieved	139%

1) Currently, no payments have been made from a long-term bonus granted during Managing Board membership. According to the Managing Board contract, there has therefore been no obligation to purchase shares to date.

Malus and clawback rules

The performance-related remuneration components include malus and clawback rules. These give the Supervisory Board the option to reduce part or all of the performance-related remuneration components that have not yet been paid out (compliance malus) or to reclaim performance-related remuneration components that have already been paid out (compliance clawback) in the event of breaches of essential duties of diligence.

In the event of the payout of performance-related remuneration components on the basis of materially incorrect consolidated financial statements, the Supervisory Board may reclaim performance-related remuneration components that have already been paid out (performance clawback). In this case, the claim for repayment consists of the difference between the performance-related remuneration owed and the excess amount paid out. The malus and clawback rules apply to both the annual bonus and the long-term bonus.

In the 2024 financial year, the Supervisory Board did not see any reason to apply malus and clawback rules, which is why the Supervisory Board did not reduce or reclaim variable remuneration.

Disclosure of benefits in the event of departure

Exit conditions

In the event of the early termination of a Managing Board membership without good cause, the payout from the annual bonus and the long-term bonus shall be made in accordance with the contractually stipulated due dates and conditions. There shall be no accelerated settlement or payout. The target values of the annual bonus and the long-term bonus shall be reduced pro rata temporis in the case of a departure during the financial year in which the annual bonus or long-term bonus is allocated.

If the employment contract of a member of the Managing Board is extraordinarily and effectively terminated for good cause before the expiry of the term, entitlements to the annual bonus and the long-term bonus shall be forfeited.

Severance pay cap

In the event of an early termination of a Managing Board membership without good cause, care is taken in accordance with the recommendations of the GCGC to ensure that payments to a Managing Board member, including fringe benefits, do not exceed the value of two annual remunerations and do not compensate more than the remaining term of the employment contract (severance pay cap). The severance pay cap is calculated based on the amount of the total remuneration for the past financial year and, where applicable, on the amount of the expected total remuneration for the current financial year. A severance pay cap has been agreed with all members of the Managing Board in office in the 2024 financial year.

Change of control

The remuneration system does not provide for any commitments in the event of an early termination of the Managing Board membership as a result of a change of control.

Post-contractual non-compete clause

A post-contractual non-compete clause applies to the members of the Managing Board, according to which they are prohibited for a period of up to two years after the termination of their employment contract from working for a company that is in direct or indirect competition with Heidelberg Materials or another Heidelberg Materials company, either independently or in an employed capacity or in any other way. Moreover, the members of the Managing Board are prohibited from establishing, acquiring, or directly or indirectly participating in such a competing company for the duration of the post-contractual non-compete clause. For the duration of the post-contractual non-compete clause, the member of the Managing Board receives their last fixed annual salary in equal monthly instalments (waiting allowance). The waiting allowance shall be reduced to the extent that the member of the Managing Board receives benefits from a defined benefit pension commitment after leaving the company. Heidelberg Materials AG may waive the post-contractual non-compete clause before the termination of the employment contract.

In 2024, waiting allowances were paid to Kevin Gluskie (€814k), Dr Nicola Kimm (€200k), and Ernest Jelito (€364k).

No severance payments were made in the 2024 financial year.

Disclosure of benefits from third parties

For the 2024 financial year, the members of the Managing Board have not received any benefits from third parties in connection with their Managing Board activities. For the avoidance of doubt, the costs of the remuneration of Dennis Lentz in the context of his secondment to the USA and of Chris Ward due to his role as CEO of Heidelberg Materials US, Inc., were shared between Heidelberg Materials AG and Heidelberg Materials US, Inc., by way of a cost split. The cost of the remuneration of Kevin Gluskie and Roberto Callieri was split between Heidelberg Materials AG and Heidelberg Materials Asia Pte. Ltd.

Remuneration granted and owed in the 2024 financial year

Remuneration of active members of the Managing Board in the 2024 financial year

The remuneration granted and owed to the individual members of the Managing Board in the 2024 financial year pursuant to section 162 of the AktG is presented in the following.

The remuneration granted includes the remuneration components whose underlying (single or multi-year) service or performance period was fully completed in the financial year, even if payout does not take place until the following financial year.

The remuneration granted and owed in the 2024 financial year pursuant to section 162 of the AktG consists of the following remuneration components:

- The fixed annual salary paid in the 2024 financial year
- The fringe benefits accrued in the 2024 financial year
- The cash allowance paid for the 2024 financial year in the case of Roberto Callieri and Chris Ward
- The annual bonus determined for the 2024 financial year in accordance with the 2024+ Remuneration System (annual bonus 2024), which is paid in the 2025 financial year
- The 2022 tranche of the management component, which was completed at the end of the 2024 financial year and is paid in the 2025 financial year
- The 2021 tranche of the capital market component, which was completed at the end of the 2024 financial year and is paid in the 2025 financial year

Furthermore, the service costs of the pension commitments in accordance with IAS 19 for the 2024 financial year is shown in the tables as part of the Managing Board remuneration.

In addition to the absolute remuneration amounts, the tables also contain the relative proportion of the individual remuneration components within the total remuneration granted and owed.

Granted and owed remuneration pursuant to section 162 of the AktG

	Dr Dominik von Achten Chairman of the Managing Board			René Aldach Member of the Managing Board			Dr Katharina Beumelburg Member of the Managing Board (since 1 October 2024)			Roberto Callieri Member of the Managing Board[1] (since 1 January 2024)			Axel Conrads Member of the Managing Board (since 1 February 2024)			Kevin Gluskie Member of the Managing Board[2] (until 31 January 2024)		
€'000s/share of granted and owed remuneration pursuant to section 162 of the AktG in %	2023	2024		2023	2024		2023	2024		2023	2024		2023	2024		2023	2024	
Fixed annual salary	1,525	1,598	19%	600	638	21%	–	212	9%	–	660	26%	–	550	43%	894	74	1%
Fringe benefits	9	10	0%	15	189	6%	–	8	0%	–	686	26%	–	8	1%	536	107	1%
Contribution to private pension (cash allowance)	–	0	0%	–	0	0%	–	0	0%	–	400	15%	–	0	0%	–	0	0%
One-year variable compensation	2,806	2,765	34%	883	868	28%	–	288	12%	–	855	33%	–	734	56%	1,282	0	0%
Annual bonus 2023	2,806	–		883	–		–	–		–	–		–	–		1,282		
Annual bonus 2024	–	2,765		–	868		–	288		–	855		–	734		–	0	
Multi-year variable compensation	2,175	3,864	47%	584	1,375	45%	–	0	0%	–	0	0%	–	0	0%	1,142	2,315	25%
Long-term bonus 2020–2022/2023							–	–		–	–		–	–		–		
Capital market component tranche 2020–2023	0	–		–	–		–	–		–	–		–	–		0		
Long-term bonus 2021–2023/2024							–	–		–	–		–	–		–		
Management component tranche 2021–2023	2,175	–		–	–		–	–		–	–		–	–		1,142		
Capital market component tranche 2021–2024	–	1,605		–	625		–	–		–	–		–	–		–	1,152	
Long-term bonus 2022–2024/2025							–	–		–	–		–	–		–		
Management component tranche 2022–2024	–	2,259		584	750		–	–		–	–		–	–		–	1,163	
Others[3]	–	0	0%		0	0%	–	1,900	79%	–	0	0%	–	0	0%	–	6,781	73%
Granted and owed remuneration pursuant to section 162 of the AktG	6,515	8,238	100%	2,083	3,071	100%		2,408	100%		2,601	100%		1,292	100%	3,854	9,277	100%
Service costs	359	417	–	164	179	–	–	63		–	–		–	194		525	49	–
Total compensation	6,874	8,655	–	2,247	3,250	–		2,471			2,601			1,486		4,379	9,325	–

1) 90% of the fixed annual salary, the annual bonus and the long-term bonus of Roberto Callieri are paid by Heidelberg Materials Asia. The remaining 10% was paid by Heidelberg Materials AG. The fringe benefits of Roberto Callieri include, in addition to the assumption of costs for a company car, group accident insurance and flights home, as well as a travel allowance and the assumption of costs for a company flat.
2) 90% of the fixed annual salary, the annual bonus and the long-term bonus of Kevin Gluskie are paid by Heidelberg Materials Asia. The remaining 10% was paid by Heidelberg Materials AG. The fringe benefits of Kevin Gluskie include, in addition to the assumption of costs for a company car, group accident insurance and flights home, as well as a travel allowance and the assumption of costs for a company flat. Under the terms of his employment contract, Kevin Gluskie receives his remuneration in Australian dollars. The average exchange rates for 2023 (AUD/EUR 1.6290) and 2024 (AUD/EUR 1.6403) were used for translation into euros. The closing rates prior to the start of the performance period (31 December, 2019: AUD/EUR 1.5971, 31 December, 2020: AUD/EUR 1.5876) were used to convert its long-term bonus into euros.
3) In the case of Dr. Katharina Beumelburg, the value for 2024 includes a compensation payment as compensation for the loss of long-term variable remuneration components from her former employer. In the case of Mr. Kevin Gluskie, the value for 2024 includes the following payments described in the respective paragraphs in the remuneration report: the early payout of the annual bonus for the fiscal year 2024 (€0.1 million), an advance payment of the long-term bonus (€1.7 million)and a settlement of the existing pension entitlements in the amount of the present value of the pension commitment as per the date of exit (€5.0 million).

Granted and owed remuneration pursuant to section 162 of the AktG

	Hakan Gurdal Member of the Managing Board			**Dr Nicola Kimm** Member of the Managing Board (until 31 August 2024)			**Dennis Lentz** Member of the Managing Board[1]			**Jon Morrish** Member of the Managing Board			**Chris Ward** Member of the Managing Board[2]		
€'000s/share of granted and owed remuneration pursuant to section 162 of the AktG in %	2023	**2024**		2023	**2024**		2023	**2024**		2023	**2024**		2023	**2024**	
Fixed annual salary	**770**	**841**	**21%**	**600**	**400**	**17%**	**600**	**638**	**19%**	**903**	**944**	**20%**	**829**	**872**	**20%**
Fringe benefits	**87**	**81**	**2%**	**52**	**10**	**0%**	**412**	**479**	**14%**	**82**	**103**	**2%**	**58**	**62**	**1%**
Contribution to private pension (cash allowance)	**–**	**0**	**0%**	**–**	**0**	**0%**	**–**	**0**	**0%**	**–**	**0**	**0%**	**392**	**392**	**9%**
One-year variable compensation	**1,109**	**1,116**	**28%**	**864**	**538**	**24%**	**856**	**894**	**26%**	**1,317**	**1,382**	**30%**	**1,168**	**1,088**	**26%**
Annual bonus 2023	1,109	–		864	–		856	–		1,317	–		1,168	–	
Annual bonus 2024	–	1,116		–	538		–	894		–	1,382		–	1,088	
Multi-year variable compensation	**960**	**1,923**	**49%**	**584**	**1,375**	**59%**	**584**	**1,375**	**41%**	**1,127**	**2,256**	**48%**	**860**	**1,844**	**43%**
Long-term bonus 2020–2022/2023															
Capital market component tranche 2020–2023	0	–		0	–		–	–		–	–		0	–	
Long-term bonus 2021–2023/2024															
Management component tranche 2021–2023	960	–		584	–		584	–		1,127	–		860	–	
Capital market component tranche 2021–2024	–	961		–	625		–	625		–	1,128		–	888	
Long-term bonus 2022–2024/2025															
Management component tranche 2022–2024	–	963		–	750		–	750		–	1,129		–	956	
Others	**–**	**0**	**0%**	**–**	**0**	**0%**	**–**	**0**	**0%**	**–**	**0**	**0%**	**–**	**0**	**0%**
Granted and owed remuneration pursuant to section 162 of the AktG	**2,925**	**3,961**	**100%**	**2,100**	**2,322**	**100%**	**2,452**	**3,386**	**100%**	**3,429**	**4,686**	**100%**	**3,308**	**4,258**	**100%**
Service costs	383	247	–	214	153	–	145	164	–	324	216	–	18	–	–
Total compensation	**3,308**	**4,209**	**–**	**2,314**	**2,475**	**–**	**2,597**	**3,550**	**–**	**3,753**	**4,902**	**–**	**3,326**	**4,258**	**–**

1) 70% of Dennis Lentz's fixed annual salary, the annual bonus and the long-term bonus were paid by Heidelberg Materials North America. The remaining 30% are paid by Heidelberg Materials AG. The fringe benefits of Dennis Lentz include, in addition to the assumption of costs for a company car, group accident insurance and flights home, especially secondment-related benefits such as foreign health insurance, relocation, housing, school and living costs.

2) 90% of the fixed annual salary, the annual bonus, and the long-term bonus of Chris Ward are borne by Heidelberg Materials North America. The remaining 10% is borne by Heidelberg Materials AG. Chris Ward receives his remuneration in US dollars in accordance with his employment contract. The average exchange rates for the years 2023 (1.0816 USD/EUR) and 2024 (1.0819 USD/EUR) were used for conversion into euros. The closing rates before the start of the performance period (31 December, 2019: 1.1213 USD/EUR, 31 December, 2020: 1.2216 USD/EUR) were used to convert his long-term bonus into euros.

Remuneration of former members of the Managing Board

The remuneration granted and owed pursuant to section 162 of the AktG to former members of the Managing Board consists in particular of payouts of the long-term bonus and of retirement and transitional payments.

In line with the information provided in the **Completed tranches at the end of the 2024 financial year section**, former members of the Managing Board are entitled to payouts from the 2022 tranche of the management component as well as from the 2021 tranche of the capital market component. The payout of the tranches will be made following the Annual General Meeting in 2025.

Summary of management component of long-term bonus 2022–2024/2025 for former members of the Managing Board

1,000 €	Target value	Target achievement EBIT	Target achievement ROIC	Target achievement Total	Payout
Ernest Jelito	453	200%	200%	200%	906

Summary of capital market component of long-term bonus 2021–2023/2024 for former members of the Managing Board

1,000 €	Target value	Allocation price in €	Number of provisionally allocated PSUs	Target achievement relative TSR	Final number of PSUs	Closing price in €	Payout
Ernest Jelito	438	57.00	7,675	112.00%	8,596	128.07	875
Dr Lorenz Näger [1]	458		8,041		9,006		917

1) For Dr Lorenz Näger, the value for 2024 includes a crediting of a prepayment for the long-term bonus 2021–2023/2024 in the amount of €458 thousand.

The following tables show the remuneration granted and owed to the former members of the Managing Board in the 2024 financial year pursuant to section 162 of the AktG:

Granted and owed remuneration pursuant to section 162 of the AktG

€'000s/share of granted and owed remuneration pursuant to section 162 of the AktG in %	Ernest Jelito Member of the Managing Board (until 31 Dec. 2023)[1] 2024		Andreas Kern Member of the Managing Board (until 30 June 2016) 2024		Dr Lorenz Näger Deputy Chairman of the Managing Board (until 31 Aug. 2021)[2] 2024		Dr Bernd Scheifele Chairman of the Managing Board (until 31 Jan. 2020) 2024	
Multi-year variable compensation	**1,781**	**36%**	**–**	**–**	**917**	**68%**	**–**	**–**
Long-term bonus 2021–2023/2024								
Capital market component tranche 2021–2024	875		–	–	917		–	–
Long-term bonus 2022–2024/2025								
Management component tranche 2022–2024	906		–	–	–	–	–	–
Others	**2,823**	**57%**	**–**	**–**	**–**	**–**	**–**	**–**
Total	**4,604**		**0**	**0%**	**917**		**0**	**0%**
Retirement and transitional payments	364	7%	341	100%	425	32%	1,023	100%
Granted and owed remuneration pursuant to section 162 of the AktG	**4,968**	**100%**	**341**	**100%**	**1,342**	**100%**	**1,023**	**100%**

1) In the case of Ernest Jelito, the other remuneration components contain an advance payment of his long-term bonus 2023–2025/2026, the payout of the value of his pension account held as part of his defined contribution pension commitment, the payout of the waiting allowance as well as costs for tax consultancy.
2) In the case of Dr Lorenz Näger, the value for 2024 includes an amount of €458 thousand, which was already paid out as part of an advance payment for the longterm bonus 2021–2023/2024 in 2021.

Remuneration of the Supervisory Board in the 2024 financial year

Principles of the remuneration of the Supervisory Board

The Supervisory Board last adjusted the current remuneration system for the members of the Supervisory Board of Heidelberg Materials AG by resolution of 22 March 2023, taking into account the Sustainability and Innovation Committee in the remuneration. The adjusted remuneration system of the Supervisory Board of Heidelberg Materials AG was approved by the Annual General Meeting in 2023 with 99.80% of votes in favour.

The remuneration of the Supervisory Board is set out in section 12 of the Articles of Association of Heidelberg Materials AG. It consists of fixed amounts and attendance fees. Each member receives a fixed remuneration of €80,000, the Chairman receives two and a half times and his deputy one and a half times the amount. The members of the Audit Committee additionally receive a fixed remuneration of €25,000 and the members of the Personnel Committee and the members of the Sustainability and Innovation Committee receive €20,000. The chairperson of the committees receives twice these respective amounts.

In addition, an attendance fee of €2,000 is paid for each personal participation in a meeting of the Supervisory Board and its committees, irrespective of the form in which it is carried out. For multiple meetings that take place on the same day or on subsequent days, the attendance fee is paid only once.

The employee representatives on the Supervisory Board remit a significant portion of their Supervisory Board remuneration to the recuperation facility for the employees of Heidelberg Materials AG (Erholungswerk der Belegschaft der Heidelberg Materials AG e. V.).

On 29 January 2025, the Supervisory Board adopted a revised remuneration system for the members of the Supervisory Board of Heidelberg Materials AG, which it will submit to the 2025 Annual General Meeting for approval.

Remuneration granted and owed to the members of the Supervisory Board

The following table lists the remuneration granted and owed to the members of the Supervisory Board in the 2024 financial year pursuant to section 162 of the AktG:

Remuneration granted and owed to the members of the Supervisory Board

	Fixed remuneration			Remuneration for committee membership			Attendance fees			Total remuneration	
€'000s/share of total remuneration in %	2023	2024		2023	2024		2023	2024		2023	2024
Dr Bernd Scheifele (Chairman)	200	200	80%	45	29	12%	20	20	8%	265	249
Heinz Schmitt (Deputy Chairman until 16.05.2024)	120	45	61%	45	17	23%	22	12	16%	187	74
Barbara Breuninger	80	80	56%	25	38	27%	20	24	17%	125	142
Gunnar Groebler (Member since 16.05.2024)	–	50	71%	–	13	18%	–	8	11%	–	71
Birgit Jochens (Member until 16.05.2024)	80	30	66%	20	7	16%	18	8	18%	118	45
Katja Karcher (Member since 16.05.2024)	–	50	59%	–	25	29%	–	10	12%	–	85
Ludwig Merckle	80	80	42%	85	85	45%	26	24	13%	191	189
Luka Mucic	80	80	46%	70	70	41%	22	22	13%	172	172
Markus Oleynik (Member since 16.05.2024)	–	50	67%	–	15	20%	–	10	13%	–	75
Dr Ines Ploss (Member until 31.10.2024)	80	67	59%	40	33	29%	18	14	12%	138	114
Peter Riedel	80	80	54%	45	45	30%	20	24	16%	145	149
Werner Schraeder (Deputy Chairman since 16.05.2024)	80	105	58%	65	52	29%	22	24	13%	167	182
Margret Suckale	80	80	54%	45	45	30%	26	24	16%	151	149
Dr Sopna Sury	80	80	58%	20	45	32%	14	14	10%	114	139
Anna Toborek-Kacar (Member since 01.11.2024)	–	13	75%	–	2	14%	–	2	11%	–	18
Prof. Dr Marion Weissenberger-Eibl (Member until 16.05.2024)	80	30	57%	40	15	28%	18	8	15%	138	53
Total	**1,120**	**1,121**	**59%**	**545**	**537**	**28%**	**246**	**248**	**13%**	**1,911**	**1,906**

Comparative presentation of the development in remuneration and earnings

In accordance with the provisions of section 162(1)(2) (2) of the AktG, the following table shows the remuneration development of the members of the Managing Board who were active in the 2024 financial year as well as former members of the Managing Board on the basis of the remuneration granted and owed pursuant to section 162 of the AktG, the members of the Supervisory Board, and the employees in comparison with the company's development in earnings. For the employees, the total workforce of Heidelberg Materials AG excluding the Managing Board was taken into account.

Development of the direct remuneration of the Managing Board, the Supervisory Board, and the average direct remuneration of the workforce of Heidelberg Materials AG

	2020	Change	2021	Change	2022	Change	2023	Change	2024
Development of earnings									
Result from current operationsbefore depreciation and amortisation in €m	3,707	5%	3,875	-4%	3,739	-4%	4,258	6%	4,499
Profit/loss for the financial year attributable to Heidelberg Materials AG shareholders in €m	-2,139	(-182%)[1]	1,759	-9%	1,597	17%	1,865	-4%	1,782
Net profit/net loss of Heidelberg Materials AG pursuant to the HGB in €m	-86	(-556%)[1]	392	-34%	257	214%	806	-2%	787
Employees[2]									
Average	71	4%	74	-3%	72	7%	77	4%	80
Active members of the Managing Board in the financial year									
Dr Dominik von Achten (Chairman)[3]	5,104	10%	5,606	4%	5,850	11%	6,515	26%	8,238
René Aldach[4]	–	–	502	178%	1,395	49%	2,083	47%	3,071
Dr Katharina Beumelburg[5]	–	–	–	–	–	–	–	–	2,408
Roberto Callieri	–	–	–	–	–	–	–	–	2,601
Axel Conrads	–	–	–	–	–	–	–	–	1,292
Kevin Gluskie[6]	3,277	15%	3,766	-1%	3,728	3%	3,854	141%	9,277
Hakan Gurdal	2,430	18%	2,856	-6%	2,697	8%	2,925	35%	3,961
Dr Nicola Kimm[7]	–	–	565	153%	1,432	47%	2,100	11%	2,322
Dennis Lentz[4]	–	–	528	220%	1,691	45%	2,452	38%	3,386
Jon Morrish	3,109	10%	3,415	-6%	3,209	7%	3,429	37%	4,686
Chris Ward	2,152	32%	2,850	13%	3,216	3%	3,308	29%	4,258

Development of the direct remuneration of the Managing Board, the Supervisory Board, and the average direct remuneration of the workforce of Heidelberg Materials AG

	2020	Change	2021	Change	2022	Change	2023	Change	2024
Former members of the Managing Board									
Ernest Jelito[8)]	1,736	44%	2,502	3%	2,575	22%	3,150	58%	4,968
Dr Lorenz Näger[9)]	3,544	81%	6,407	-63%	2,355	-24%	1,792	-25%	1,342
Dr Bernd Scheifele[10)]	2,439	67%	4,063	-71%	1,163	-12%	1,023	0%	1,023
Dr Albert Scheuer[11)]	743	17%	873	-68%	280	–	–	–	–
Andreas Kern	–	–	–	–	–	–	199	71%	341
Members of the Supervisory Board[12)]									
Fritz-Jürgen Heckmann (Chairman)[13)]	251	9%	273	-62%	105	–	–	–	–
Dr Bernd Scheifele (Chairman)[14)]	–	–	–	–	167	59%	265	-6%	249
Heinz Schmitt (Deputy Chairman)[15)]	175	9%	191	-4%	183	2%	187	-61%	74
Barbara Breuninger	117	9%	127	-3%	123	2%	125	13%	142
Gunnar Groebler[16)]	–	–	–	–	–	–	–	–	71
Birgit Jochens[17)]	112	9%	122	-8%	112	5%	118	-61%	45
Katja Karcher[16)]	–	–	–	–	–	–	–	–	85
Ludwig Merckle	157	10%	173	-2%	169	13%	191	-1%	189
Tobias Merckle	90	9%	98	-64%	35	–	–	–	–
Dr Sopna Sury	–	–	–	–	57	100%	114	22%	139
Luka Mucic	160	10%	176	-5%	168	2%	172	0%	172
Markus Oleynik[16)]	–	–	–	–	–	–	–	–	75
Dr Ines Ploss[18)]	112	9%	122	-8%	112	23%	138	-17%	114
Peter Riedel	117	9%	127	-3%	123	18%	145	3%	149
Werner Schraeder (Deputy Chairman)[19)]	137	10%	151	-5%	143	17%	167	9%	182
Margret Suckale	135	13%	153	-3%	149	1%	151	-1%	149
Anna Toborek-Kacar[20)]	–	–	–	–	–	–	–	–	18
Prof. Dr Marion Weissenberger-Eibl[17)]	88	14%	100	-8%	92	50%	138	-62%	53

1) Mathematically determined change; limited interpretability due to change of algebraic sign within the reference values.
2) Total workforce of Heidelberg Materials AG incl. top and senior management, excluding Managing Board (full-time equivalents).
3) Chairman of the Managing Board since 1 February 2020
4) Member of the Managing Board since 1 September 2021
5) Member of the Managing Board since 1 October 2024
6) Member of the Managing Board until 31 January 2024
7) Member of the Managing Board from 1 September 2021 until 31 August 2024
8) Member of the Managing Board until 31 December 2023
9) Deputy Chairman of the Managing Board until 31 August 2021
10) Chairman of the Managing Board until 31 January 2020
11) Member of the Managing Board until 5 August 2019
12) Individual amounts may fluctuate due to entries and exits during the year as well as changing committee activities.
13) Chairman of the Supervisory Board until 12 May 2022
14) Chairman of the Supervisory Board since 12 May 2022
15) Deputy Chairman of the Supervisory Board until 16 May 2024
16) Member of the Supervisory Board since 16 May 2024
17) Member of the Supervisory Board until 16 May 2024
18) Member of the Supervisory Board until 31 October 2024
19) Deputy Chairman of the Supervisory Board since 16 May 2024
20) Member of the Supervisory Board since 1 November 2024

Auditor's Report

To Heidelberg Materials AG, Heidelberg

We have audited the remuneration report of Heidelberg Materials AG, Heidelberg, for the financial year from January 1 to December 31, 2024, including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of the Executive Directors and the Supervisory Board

The executive directors and the supervisory board of Heidelberg Materials AG are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of §162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts including the related disclosures stated in the remuneration report. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive directors and the supervisory board, as well as evaluating the overall presentation of the remuneration report including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, based on the findings of our audit, the remuneration report for the financial year from January 1 to December 31, 2024, including the related disclosures, complies in all material respects with the accounting provisions of §162 AktG.

Reference to an Other Matter – Formal Audit of the Remuneration Report according to §162 AktG

The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by §162 Abs. [paragraph] 3 AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this audit opinion includes that the information required by §162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

Restriction on use

We issue this auditor's report on the basis of the engagement agreed with Heidelberg Materials AG. The audit has been performed only for purposes of the company and the auditor's report is solely intended to inform the company as to the results of the audit. Our responsibility for the audit and for our auditor's report is only towards the company in accordance with this engagement. The auditor's report is not intended for any third parties to base any (financial) decisions thereon. We do not assume any responsibility, duty of care or liability towards third parties; no third parties are included in the scope of protection of the underlying engagement. §334 BGB [Bürgerliches Gesetzbuch: German Civil Code], according to which objections arising from a contract may also be raised against third parties, is not waived.

Frankfurt am Main, March 21, 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

[sgd. Thomas Tilgner]	[sgd. ppa. Christoph Schudok]
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüfer (German Public Auditor)

Additional information

Heidelberg Materials at a glance

Figures in €m	2020	2021	2022	2023	**2024**
Income statement					
Revenue	17,606	18,720	21,095	21,178	21,156
– thereof share of revenue from sustainable products	28%	31%	34%	35%	34%
– thereof share of revenue from sustainable products of cement business line		33%	37%	39%	43%
Result from current operations before depreciation and amortisation (RCOBD)	3,707	3,875	3,739	4,258	4,499
Result from current operations (RCO)	2,363	2,614	2,476	3,022	3,204
Additional ordinary result	–3,678	481	–193	1	–436
Financial result	–287	–201	–65	–174	–181
Profit/loss for the financial year	–2,009	1,902	1,723	2,087	1,918
Profit/loss attributable to Heidelberg Materials AG shareholders	–2,139	1,759	1,597	1,929	1,782
Earnings per share in €[1]	–10.78	8.91	8.45	10.43	9.87
Dividend per share in €	2.20	2.40	2.60	3.00	3.30*
Investments					
Investments in intangible assets and PP&E less state subsidies	969	1,419	1,260	1,235	1,300
Investments in financial assets	98	180	551	614	843
Total investments	1,067	1,599	1,811	1,850	2,143
Cash flow					
Cash flow from operating activities	3,027	2,396	2,420	3,205	3,232
Free cash flow	2,172	1,187	1,341	2,163	2,169
Balance sheet					
Equity (incl. non-controlling interests)	14,548	16,659	17,624	18,375	19,975
Balance sheet total	32,335	33,711	33,256	35,471	37,302
Net debt	6,893	4,999	5,532	5,294	5,293
Ratios					
RCOBD margin in %	21.1	20.7	17.7	20.1	21.3
Return on invested capital (ROIC) in %	7.9	9.3	9.1	10.3	9.9
Leverage ratio	1.86x	1.29x	1.48x	1.24x	1.18x

1) Attributable to Heidelberg Materials AG shareholders.
* The Managing Board and Supervisory Board will propose to the Annual General Meeting on 15 May 2025 the distribution of a cash dividend of €3.30.

Revenue and results by business lines

€m	Cement		Aggregates		Ready-mixed concrete-asphalt		Service-joint ventures-other		Reconciliation[2]		Total Group	
	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**
External revenue	9,643	9,507	3,810	4,147	5,814	5,674	1,911	1,829	0	0	21,178	21,156
Inter-business lines revenue	1,568	1,460	1,069	1,060	81	97	759	683	-3,476	-3,300	0	0
Revenue	11,211	10,967	4,879	5,206	5,895	5,770	2,670	2,512	-3,476	-3,300	21,178	21,156
of which Europe	5,056	4,901	2,033	2,337	3,055	2,930	966	817	-1,544	-1,519	9,566	9,467
of which North America	2,196	2,243	2,098	2,123	1,141	1,108	336	334	-552	-497	5,219	5,311
of which Asia Pacific	1,978	1,833	661	664	1,338	1,377	65	19	-337	-338	3,705	3,555
of which Africa and Mediterranean – Western Asia	1,981	1,990	87	83	360	355	36	38	-175	-172	2,289	2,295
of which Group Services	0	0	0	0	0	0	1,260	1,296	0	0	1,260	1,296
of which corporate, reconciliation and other[1]	-0	-0	0	0	0	0	8	8	-869	-775	-861	-767
Result from current operations before depreciation and amortisation (RCOBD)	2,728	2,902	1,175	1,286	113	79	285	272	-43	-40	4,258	4,499
of which Europe	1,318	1,399	413	450	58	-11	93	48	0	0	1,883	1,885
of which North America	577	674	592	685	6	32	7	16	0	0	1,181	1,407
of which Asia Pacific	315	310	154	140	40	47	135	152	0	0	643	648
of which Africa and Mediterranean – Western Asia	522	520	16	11	11	13	41	32	0	0	590	576
of which Group Services	-0	0	0	0	0	0	31	38	0	0	31	38
of which corporate, reconciliation and other[1]	-3	-1	-0	0	-2	-1	-23	-13	-43	-40	-71	-55
Result from current operations	2,077	2,230	840	916	-54	-93	229	217	-69	-67	3,022	3,204
of which Europe	1,080	1,165	252	264	-28	-98	63	14	0	0	1,367	1,344
of which North America	423	498	471	559	-27	-4	-11	-3	0	0	856	1,049
of which Asia Pacific	162	162	108	87	-1	5	129	151	0	-0	399	405
of which Africa and Mediterranean – Western Asia	415	406	8	7	3	6	40	31	-0	0	466	450
of which Group Services	-0	0	0	0	0	0	31	37	0	0	31	37
of which corporate, reconciliation and other[1]	-3	-1	0	0	-2	-1	-23	-13	-69	-67	-96	-82

1) Reconciliation includes:
a. intra-Group revenues = eliminations of intra-Group relationships between the areas
b. corporate functions (column "Reconciliation") & other (column "Service-joint ventures-other")

2) Reconciliation includes:
a. intra-Group revenues = eliminations of intra-Group relationships between the segments
b. corporate functions

Cement capacities[1]

	Total
Europe	
Belgium	4.0
Bulgaria	2.2
Germany	10.1
Estonia	1.0
France	6.9
Greece	0.9
United Kingdom	6.0
Italy	9.3
Netherlands	2.2
Norway	1.9
Poland	5.2
Romania	5.8
Sweden	2.8
Spain	1.1
Czechia	2.7
	62.0
North America	
Canada	3.7
USA	12.3
	16.0
Asia-Pacific	
Bangladesh	3.7
Brunei	0.5
India	12.5
Indonesia	30.9
Thailand	5.9
	53.5

Cement capacities[1]

	Total
Africa-Mediterranean-Western Asia	
Egypt	9.2
Benin	0.6
Burkina Faso	1.5
DR Congo	0.8
Ghana	4.4
Liberia	0.7
Morocco	5.8
Mozambique	0.4
Tanzania	3.4
Togo	1.5
Kazakhstan	4.1
Russia	4.7
	37.0
Total Heidelberg Materials	**165.3**

1) Operational capacities based on 80% calendar time utilisation.

Cement capacities of joint ventures[2]

	Total
Australia	2.4
Bosnia-Herzegovina	0.4
China	8.4
South Africa	0.3
Turkey	3.0
Hungary	1.6
USA (Texas)	0.5
Total joint ventures	**16.6**
Heidelberg Materials incl. joint ventures	**181.8**

2) Cement capacities according to our ownership.

Aggregates reserves and resources[3]

Billion tonnes	Reserves	Resources	Total
Europe	1.7	2.6	4.4
North America	4.5	7.6	12.2
Asia-Pacific	1.2	1.8	3.0
Africa-Mediterranean-Western Asia	0.03	0.06	0.09
Heidelberg Materials total	**7.4**	**12.2**	**19.6**

3) Defined in the PERC Reporting Standard for mineral reserves and resources, see page 78 in the Risk and opportunity report.

Associations, initiatives, and networks

We have singled out memberships and engagements that we consider to be of central strategic importance for the company as a whole, since they address current and future transformation activities in a significant way.

BirdLife International: Since 2011, we have been working together with the largest international nature conservation organisation, BirdLife International. The interaction with BirdLife International and our cooperation with its national partner organisations help us to minimise our environmental impact and promote biodiversity in our quarries and the surrounding areas.
www.birdlife.org

German Building Materials Association (bbs): As the umbrella organisation of the German building materials industry, the bbs represents the interests of the various sub-sectors and formulates policy and expert positions for this purpose. It is a member of the Federation of German Industries (BDI).
www.baustoffindustrie.de

CEMBUREAU: Through our memberships in national associations, we support the work of the European Cement Association (CEMBUREAU), which puts forward the industry's concerns in discussions and negotiations with the European Union and its institutions.
www.cembureau.eu

Concrete Sustainability Council (CSC): As a founding member of the Concrete Sustainability Council (CSC), we are involved in the ongoing development of a certification system for sustainably produced concrete. The goal of the CSC is to further increase the transparency of sustainable activities within the cement and concrete industry.
www.csc.eco

econsense – Forum for Sustainable Development of German Business: econsense, as a network and flagship initiative of global German companies, aims to promote sustainable development in business and to assume social responsibility collectively.
www.econsense.de/en/

European Roundtable on Climate Change and Sustainable Transition (ERCST): As a sustaining member, we support independent research and public debates on European and global climate and economic policy on the part of the ERCST.
www.ercst.org

GCCA Global Cement and Concrete Association (GCCA): As a founding member of the GCCA, we aim to further strengthen innovation and sustainability at a global level. The GCCA published the first global net zero roadmap in the industrial sector, thus helping to limit global warming to 1.5°C.
www.gccassociation.org

Global CCS Institute: The mission of the Global CCS Institute (GCCSI) is to facilitate and accelerate the deployment of CCS worldwide. The GCCSI shares expertise and offers advice and support to help this important technology play its part in reducing greenhouse gas emissions. Heidelberg Materials benefits from the GCCSI's expertise in regulatory and policy matters.
www.globalccsinstitute.com

Mission Possible Partnership: The Mission Possible Partnership (MPP) is an alliance of leading organisations and companies committed to the industrial decarbonisation of emission-intensive heavy industry across the value chain. The initiative focuses on areas that require cross-industry collaboration, such as strengthening demand for low-carbon products.
www.missionpossiblepartnership.org

Race to Zero: Heidelberg Materials is a signatory to Business Ambition for 1.5°C, a global initiative committed to reducing CO_2 emissions to net zero by 2050 at the latest. The company is therefore also part of the global, UN-backed Race to Zero campaign, which aims to create positive momentum for the transition to a low-carbon economy.
climatechampions.unfccc.int/

Science Based Targets Network (SBTN): As a member of the corporate engagement programme of the Science Based Targets Network (SBTN), we are contributing to the development of science-based targets for nature through feedback in particular in the water and land hub work areas.
www.sciencebasedtargetsnetwork.org

Society for Ecological Restoration (SER): As a business member of the global Society for Ecological Restoration (SER) a non-profit network dedicated to biodiversity conservation, climate change resilience, and ecological restoration, we contribute to the development of emerging standards on restoration in mining sites and share best practice and restoration success on our sites.
www.ser.org

Stiftung KlimaWirtschaft: The companies supporting the Stiftung KlimaWirtschaft (climate economy foundation) form a business network advocating progressive climate policy at Managing Board level. As a member of this network, we develop cross-sectoral approaches and policy concepts for a successful industrial transformation towards climate neutrality.
www.klimawirtschaft.org/english

Associations, initiatives, and networks

UEPG: As an indirect member of the European Aggregates Association (UEPG), which represents the interests of the European aggregates industry in Brussels, we present our positions on aggregates to political decision makers.
www.uepg.eu

UN Global Compact: We are signatories to the UN Global Compact, a United Nations initiative for sustainable and responsible corporate governance. As part of the UN Global Compact, companies commit themselves to strategically anchor sustainability in their business practices on the basis of ten universal principles. As part of this commitment, we are also a member of the UN Global Compact Network Germany e. V.
www.unglobalcompact.org

World Business Council for Sustainable Development: As a member of the World Business Council for Sustainable Development (WBCSD), we collaborate with over 230 leading companies on sustainable development, responsible business practices, and climate action.
www.wbcsd.org

World Green Building Council: We are involved in the global umbrella organisation of the Green Building Councils, the World Green Building Council. The goal here is to jointly develop certification systems for sustainable construction and to make the design, construction, and operation of buildings more sustainable.
www.worldgbc.org

Zero Emission Platform: As a member of the Zero Emission Platform, we are committed to science-based projects and industrial CO_2 management. The aim is to accelerate the deployment of carbon capture, utilisation, and storage technologies to achieve carbon neutrality by 2050 and net negative emissions thereafter.
www.zeroemissionsplatform.eu

Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Governance

Disclosure focus area: Disclose the organization's governance around climate-related risks and opportunities

Heidelberg Materials' strategy for reducing its carbon emissions as a contribution to the fight against climate change is based on a structured and comprehensive master plan that involves relevant stakeholders and resources of the company. The company's specific net CO_2 emissions target of 400 kg per ton of cementitious material by 2030 is complemented by an ambition to achieve net-zero emissions by 2050 at the latest. The responsibility for achieving these targets lies with the Managing Board, and in particular with the Chief Sustainability Officer.

Describe the board's oversight of climate-related risks and opportunities

CDP Questionnaire (C4.1–C4.3)
Pages 11–17, 21–23, 70–74, 118

Describe management's role in assessing and managing climate-related risks and opportunities

CDP Questionnaire (C4.3–4.6)
Pages 11–12, 70–74, 94, 118

Strategy

Disclosure focus area: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

We undertake a thorough risk and opportunity assessment of climate change for our industry. We recognise the cement industry's pivotal role in facilitating the transition to a low-carbon, climate-resilient global economy. Our building materials play a crucial part in the construction of robust infrastructure, offering protection against the physical impacts of climate change. The ongoing urbanisation trend and expanding global population are projected to drive increased demand for cement and concrete. Consequently, we anticipate a growing demand for sustainable products and are diligently reviewing our comprehensive product portfolio to align with these evolving market trends.

Heidelberg Materials aims to achieve net-zero emissions by 2050 at the latest. Half of the Group's revenue is to be generated from sustainable products by 2030. We also consider it our responsibility to actively demonstrate the quality of our low-carbon products to customers.

Weather-related dependencies, the design of regulatory frameworks with regard to carbon pricing, and market risks arising from shifting consumer preferences are some of the risks we see as relevant to our company.

Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long-term

In terms of climate risks, the following time horizons have been defined:

- **Short term (current to 2025)** pertains to the regular business and financial planning routines, as well as existing and readily foreseeable regulatory requirements.
- **Medium term (to 2030)** is defined as the time horizon that extends beyond that of regular strategic planning, but for which a strategic roadmap exists.
- **Long term (from 2040)** refers to time horizons that extend beyond the next ten years. In the climate scenario, particular attention is paid to the 2040 and 2050 time horizons.

CDP Questionnaire (C2.1)
Pages 19–20

Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

CDP Questionnaire (C5.2, C5.3)
Pages 41–49, 51, 82–86, 102, 181

Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Heidelberg Materials utilizes Shared Socioeconomic Pathways (SSP) scenarios.

CDP Questionnaire (C5.1)
Pages 82–86, 97, 102–105, 118–119, 181

Risk management

Disclosure focus area: Disclose how the organization identifies, assesses, and manages climate-related risks

Heidelberg Materials' approach to risk management incorporates a comprehensive analysis of climate change risks as a core component of its overarching risk management strategy. This analysis has led to the identification of numerous potential risks that have the potential to exert a substantial impact on the company in both the medium and long term. These risks encompass both physical and transition risks. The identification of these risks is an annual process that is conducted across the Group, integrating bottom-up reporting at the country level with a top-down global analysis of physical risk exposure. At both levels, risks are assessed qualitatively and, wherever possible, supplemented with quantitative appraisals. As part of the regular risk management process, identified risks are monitored and possible risk avoidance and reduction measures are evaluated.

Describe the organization's processes for identifying and assessing climate-related risks

CDP Questionnaire (C2.2)
Pages 70–74, 82–86

Describe the organization's processes for managing climate-related risks

CDP Questionnaire (C2.2)
Pages 70–74, 82–86, 120

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management

CDP Questionnaire (C2.2)
Pages 70–74, 82–86

Metrics and targets

Disclosure focus area: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

All relevant information on CO_2 emissions is recorded in an integrated reporting system on a monthly basis, and control mechanisms have been established to verify that the reduction targets for CO_2 emissions are being achieved. In Heidelberg Materials' **Sustainability Commitments 2030** climate protection is identified as a crucial element of the company's sustainability strategy. The Science Based Targets initiative (SBTi) has validated Heidelberg Materials' 2030 and 2050 carbon reduction targets under its 1.5°C framework.

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process

CDP Questionnaire (C7, CS, C9)
Pages 46, 92, 97, 122, 123–128, 140, 282–284

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

CDP Questionnaire (C5.2, C6.l, C6.3, C6.5, C6.10, C7.6–8)
Pages 124, 125–127

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets

CDP Questionnaire (C4.la, C4.lb, C4.2a, C4.2b, C4.2c)
Pages 45–46, 63, 97, 122, 123, 203

Sustainability Accounting Standards Board (SASB) index

	2022	2023	2024	References and comments
Greenhouse gas emissions				
EM-CM-110a.1				
Gross global Scope 1 emissions (Metric tonnes (t) CO_2-e)	65.9	63.3	62.9	The global gross scope 1 CO_2 emissions relate to the cement and aggregates business lines as well as CO_2 emissions from external transportation using our own vehicles. Page 125
Percentage covered under emissions-limiting regulations (Percentage (%))	38 %	41%	40%	
EM-CM-110a.2				
Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets				Pages 43, 45–49, 63–64, 97, 118–122
Air quality				
EM-CM-120a.1				
Air emissions of the following pollutants: NO_X (excluding N_2O), SO_X, particulate matter (PM10) (Metric tonnes (t))				Pages 139–140
Dioxins/ furans (Metric tonnes (t))	5	4	3	
Volatile organic compounds (VOCs) (Metric tonnes (t))	3,488	2,855	3,178	
Polycyclic aromatic hydrocarbons (PAHs) (Metric tonnes (t))				We do not currently collect any data on PAHs worldwide.
Heavy metals (Mercury) (Metric tonnes (t))	1	1	1	
Energy management				
EM-CM-130a.1				
Total energy consumed (Gigajoules (G))	347,068,060	329,775,770	331,135,010	The total energy consumed includes the business lines cement and aggregates. Definitions and consolidation for the business line cement are in accordance with the guidelines of the Global Cement and Concrete Association (GCCA). Volumes for Power Purchase Agreements (PPA) are below the materiality threshold and thus not included. Definition of renewables corresponds to the GCCA definition for biomass.
Percentage grid (Percentage (%))	12.9%	12.5%	12.6%	
Percentage alternative (Percentage (%))	24.4%	24.5%	26.6%	
Percentage renewable (Percentage (%))	10.7 %	12.3%	14.4%	
Water Management				
EM-CM-140a.1				
Total water withdrawn (Thousand cubic metres (m^3))	286,000	274,000	249,000	Cement, aggregates, and ready-mixed concrete business lines Page 145, **Factsheet ESG, finance and remuneration 2024**
Total water consumed (Thousand cubic metres (m^3))	74,000	81,000	72,000	Cement, aggregates, and ready-mixed concrete business lines Page 145, **Factsheet ESG, finance and remuneration 2024**
Percentage of water withdrawn in regions with High or Extremely High Baseline Water Stress (Percentage (%))	25.7 %	25.4%	24.5%	Cement business line Page 145
Percentage of water consumed in regions with High or Extremely High Baseline Water Stress (Percentage (%))	30.2 %	25.3%	17.6%	Cement business line Page 145

Sustainability Accounting Standards Board (SASB) index

	2022	2023	**2024**	References and comments
Waste Management				
EM-CM-150a.1				
Amount of waste generated, percentage hazardous and percentage recycled (Metric tonnes (t), Percentage (%))				**Factsheet ESG, finance and remuneration 2024**
Biodiversity Impacts				
EM-CM-160a.1				
Description of environmental management policies and practices for active sites				Heidelberg Materials supports the development and operation of sites in line with the objectives of IFC Performance Standard 6 – Biodiversity Conservation and Sustainable Management of Living Natural Resources through the Biodiversity and Responsible Land Use Policy and Biodiversity targets. In particular, this includes applying the mitigation hierarchy when planning new and expanded extraction sites, working with communities and other stakeholders, and regularly analyzing our impacts in relation to areas of high biodiversity value every three years in collaboration with the NGO BirdLife International using IBAT and the control of invasive alien plant species. In addition, the company's policies ensure that there is no adverse impact on local water resources and aim to improve the provision of ecosystem services for the benefit of surrounding stakeholders through the reclamation process. Pages 32, 106–107, 146–151
EM-CM-160a.2				
Terrestrial land area disturbed, percentage of impacted area restored (Hectares (ha), Percentage (%))				Extraction of resources as well as the restoration of quarries are dynamic processes. Currently we are not able to track the annual changes in disturbed and restored areas.
Workforce Health & Safety				
EM-CM-320a.1				
Total recordable incident rate (TRIR) for direct employees and contract employees (Rate)	1.05	1.08	0.92	Total recordable incident rate displayed per 200,000 hours worked (TCI FR)
Near miss frequency rate (NMFR) for direct employees and contract employees (Rate)	226	229	207	Heidelberg Materials defines a near miss or near hit as an event or situation that could have resulted in an injury, damage or loss but did not do so due to chance, corrective action and / or timely intervention. By analysing reported near hits we can recognise and address weaknesses before accidents with injuries may happen (per 200,000 hours worked).
EM-CM-320a.2				
Number of reported cases of silicosis (Number)	1	0	0	We are using the International Classification of Diseases (ICD) to track occupational diseases. The provided numbers are for respiratory diseases including but not limited to silicosis.

Sustainability Accounting Standards Board (SASB) index

	2022	2023	2024	References and comments
Product Innovation				
EM-CM-410a.1				
Percentage of products that qualify for credits in sustainable building design and construction certifications (Percentage (%) by annual sales revenue)				Quantitative data is not yet reported. Our products qualify for credits in sustainable building design and construction certifications in different ways. Credits in sustainable construction schemes such as LEED, DGNB, and BREEAM can be achieved by products (cement, concrete, and aggregates) having an Environmental Product Declaration (EPD). We have such EPDs for selected products in many of our core markets such as Sweden, Germany, Italy, or the United States. Moreover, concrete certified according to a Responsible Sourcing Scheme such as BES 6001 or the Concrete Sustainability Council (CSC) may also be used for recognised credits. Such products are on offer in the Netherlands, the UK, Germany, Turkey, Belgium, Italy, Poland, Sweden, and Lithuania. Given the wide range of our product portfolio, we are currently not able to quantify the exact percentage of the eligible products. At the same time, we see sustainable products as a core strategic focus and aim to achieve a share of 50 % of our Group revenue coming from sustainable products. Across our business lines, we currently achieve 34 % of our revenue from sustainable products. Pages 2, 33, 156–157
EM-CM-410a.2				
Total addressable market and share of market for products that reduce energy, water or material impacts during usage or production (Presentation currency, Percentage (%))				Quantitative data is not yet reported.
Price Integrity & Transparency				
EM-CM-520a.1				
Total amount of monetary losses as a result of legal proceedings associated with cartel activities, price fixing, and antitrust activities (Presentation currency)				Pages 81–82, 252–253
Production by major product line				
EM-CM-000.A				
Cement and clinker, aggregates, ready-mix concrete, asphalt				Quantitative data in metric tonnes is not reported. Pages 2, 51

GRI content index

Heidelberg Materials AG has reported in accordance with the GRI Standards for the period 01 January 2024 to 31 December 2024. For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders.

GRI 1
GRI 1: Foundation 2021

Sector Standard applied
None

GRI Standard/other source	Disclosure	Reference/information	Omission (requirement, reason, explanation)
General Disclosures			
The organisation and its reporting practices			
GRI 2: General Disclosures 2021	2-1 Organizational details	27, 40–44	
	2-2 Entities included in the organization’s sustainability reporting	40	
	2-3 Reporting period, frequency and contact point	40, 339, 346	
	2-4 Restatements of information	40	
	2-5 External assurance	14–16, 40, 89, 125–128, 140, 144–145, 151, 157–158, 172–175, 189, 201–202, 204, 290	
Activities and workers			
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	95, 40–42	
	2-7 Employees	161, 172–175, 228 **Factsheet ESG, finance and remuneration 2024 under ESG indicators employees**	
	2-8 Workers who are not employees	164, 167–171	

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GRI Standard/other source	Disclosure	Reference/information	Omission (requirement, reason, explanation)
Governance			
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	20–25	
	2-10 Nomination and selection of the highest governance body	21–24	
	2-11 Chair of the highest governance body	13, 21	
	2-12 Role of the highest governance body in overseeing the management of impacts	11–17, 23	
	2-13 Delegation of responsibility for managing impacts	13–15 ,23, 30	
	2-14 Role of the highest governance body in sustainability reporting	13–16, 21–22	
	2-15 Conflicts of interest	15, 21, 23–24, 81–82, 199–203	
	2-16 Communication of critical concerns	70–73, 201–203	
	2-17 Collective knowledge of the highest governance body	14–17, 21–24	
	2-18 Evaluation of the performance of the highest governance body	15, 23–24	
	2-19 Remuneration policies	92, 264–266, 298–321	
	2-20 Process to determine remuneration	16, 299, 325	
	2-21 Annual total compensation ratio	299–300, 326–327	
Strategy, policies and practices			
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	5–7, 11	
	2-23 Policy commitments	19–20, 30, 70–71, 179–182	
	2-24 Embedding policy commitments	19–20, 30, 179–182, 200–202	
	2-25 Processes to remediate negative impacts	180–182, 200–201, 252–253	
	2-26 Mechanisms for seeking advice and raising concerns	98–99, 162, 180–181, 200–202	
	2-27 Compliance with laws and regulations	81–82, 252	
	2-28 Membership associations	98–99, 333–334	
Stakeholder engagement			
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	98–99, 187–188	
	2-30 Collective bargaining agreements	161–162, 166–167	

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GRI Standard/other source	Disclosure	Reference/information	Omission (requirement, reason, explanation)
Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	31–35, 100–107	
	3-2 List of material topics	102	
Climate change			
GRI 3: Material Topics 2021	3-3 Management of material topics	82–86, 117–128, 335	
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	82–86, 102–107, 127, 129–136, 335	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	123–124, 127	
	305-2 Energy indirect (Scope 2) GHG emissions	123–127	
	305-3 Other indirect (Scope 3) GHG emissions	123–124, 126–127	
	305-4 GHG emissions intensity	97, 127	
	305-5 Reduction of GHG emissions	6, 79, 118–122	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	128	
	302-3 Energy intensity	128	
	302-5 Reductions in energy requirements of products and services	128	
Pollution			
GRI 3: Material Topics 2021	3-3 Management of material topics	137–140	
GRI 305: Emissions 2016	305-7 Nitrogen oxides (NO_X), sulfur oxides (SO_X), and other significant air emissions	97, 140	
Water			
GRI 3: Material Topics 2021	3-3 Management of material topics	141–145	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	78, 142–145	
	303-2 Management of water discharge-related impacts	142–143	
	303-3 Water withdrawal	144–145	
	303-4 Water discharge	144–145	
	303-5 Water consumption	144–145	
Biodiversity and ecosystems			
GRI 3: Material Topics 2021	3-3 Management of material topics	146–151	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	147–151 **Factsheet ESG, finance and remuneration 2024 under ESG indicators biodiversity**	Req: Details for each operational site (304-1 a) Reas: Information unavailable / incomplete E: This is not possible due to the large number of extraction sites.
	304-2 Significant impacts of activities, products, and services on biodiversity	147–151	
	304-3 Habitats protected or restored	149–151	Req: Details of each protected or restored habitat (304-3 a) Reas: Information unavailable / incomplete E: This is not possible due to the large number of protected or restored habitats.

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GRI Standard/other source	Disclosure	Reference/information	Omission (requirement, reason, explanation)
Resource use and circular economy			
GRI 3: Material Topics 2021	3-3 Management of material topics	33, 152–158	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	158	Req: Information on non-renewable materials used by weight or volume (301-1 a i) Reas: Restrictions due to a non-disclosure obligation E: This information is relevant to competition and is subject to confidentiality.
	301-2 Recycled input materials used	158	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	111, 156	
	306-2 Management of significant waste-related impacts	33, 120, 153–156	
	306-3 Waste generated	**Factsheet ESG, finance and remuneration 2024 under ESG indicators circularity**	
Own workforce			
GRI 3: Material Topics 2021	3-3 Management of material topics	160–175	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	172–173, **Factsheet ESG, finance and remuneration 2024 under ESG indicators employees**	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	**Factsheet ESG, finance and remuneration 2024 under ESG indicators employees**	Req: Information on average hours of training are not broken down by gender and employee category (404-1 a I, ii) Reas: Information not available/incomplete E: We are currently rolling out a global system as the basis for future data collection and reporting, and plan to start reporting the data most likely from financial year 2025.
	404-2 Programs for upgrading employee skills and transition assistance programs	167, 171	
	404-3 Percentage of employees receiving regular performance and career development reviews	166–167 **Factsheet ESG, finance and remuneration 2024 under ESG indicators employees**	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	164, 167–168, 170–171, 174	
	403-2 Hazard identification, risk assessment, and incident investigation	164, 167–168	
	403-3 Occupational health services	164, 167–168	
	403-4 Worker participation, consultation, and communication on occupational health and safety	164, 167–168	
	403-5 Worker training on occupational health and safety	164, 167–168	
	403-6 Promotion of worker health	164, 167–168	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	164, 167–168, 170–171	
	403-8 Workers covered by an occupational health and safety management system	163–165, 174	
	403-9 Work-related injuries	174	

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GRI Standard/other source	Disclosure	Reference/information	Omission (requirement, reason, explanation)
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	20–25, 168–169, 172–173	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	163–166	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	163–166	
Workers in the value chain			
GRI 3: Material Topics 2021	3-3 Management of material topics	176–182	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	177	
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	180–181	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	181	
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	177–182	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	178–179, 181	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	178–179, 181	
Affected communities			
GRI 3: Material Topics 2021	3-3 Management of material topics	183–189	
GRI 203: Indirect Economic Impacts 2016	203-2: Significant indirect economic impacts	184	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	98, 185–189	
Consumers and end-users			
GRI 3: Material Topics 2021	3-3 Management of material topics	190–195	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	191–192	
Business Conduct			
GRI 3: Material Topics 2021	3-3 Management of material topics	197–205	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	200–203	
	205-2 Communication and training about anti-corruption policies and procedures	201–205	
	205-3 Confirmed incidents of corruption and actions taken	201–205	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	201–205	

Glossary

Aggregates
Aggregates in the form of sand, gravel and crushed rock are used principally for concrete manufacturing or for road construction and maintenance.

Alternative fuel rate
Proportion of alternative fuels in the fuel mix.

Alternative fuels
Combustible substances and materials used in place of fossil fuels in the clinker-burning process, such as used tyres, biomass or household waste.

Alternative raw materials
By-products or waste from other industries, whose chemical components make them suitable substitutes for natural raw materials. Alternative raw materials are used both in the production of clinker, the most important intermediate product in cement production, and as additives in cement grinding, in order to conserve natural raw material resources and reduce the proportion of energy-intensive clinker in cement, the end product.

Amine technology
With amine technology for carbon capture, sulphur and nitrogen oxides are filtered out of the flue gas at the end of the conventional combustion process. The CO_2 is then separated from the remaining exhaust gas via a washing system using liquid amine. After separation, the CO_2 with a purity of about 99% percent can be used as a raw material or stored.

Asphalt
Asphalt is manufactured from a mixture of graded aggregates, sand, filler and bitumen. It is used primarily for road construction and maintenance.

Biodiversity
Biodiversity or biological diversity is the genetic diversity within species, diversity between species, and diversity of ecosystems.

Blast furnace slag
Finely ground, glassy by-product from steel production. Additive for cement.

Calcined clay
Secondary cementitious material with great potential for reducing CO_2 in cement production. For its production, raw clay minerals are heated to between 650°C and 950°C.

CEM I
CEM I is the designation for Portland cement in the European cement standard EN 197-1. The main component of Portland cement is Portland cement clinker with a proportion of 95% to 100%.

Cement
Cement is a hydraulic binder, i.e. a finely ground inorganic material that sets and hardens by chemical interaction with water and that is capable of doing so also under water. Cement is mainly used to produce concrete. It binds the sand and gravel into a solid mass.

Cementitious materials
Heidelberg Materials reports specific net CO_2 emissions in kg per tonne of cementitious material. In addition to cement, this includes materials with cement-like properties. Heidelberg Materials uses predominantly ground granulated blast furnace slag (by-product of the steel industry) as alternative raw material to replace clinker as far as possible.

Cement mill
Cement grinding is the final stage of the cement manufacturing process. In cement mills, the clinker is ground into cement, with the addition of gypsum and anhydrite, as well as other additives, such as limestone, blast furnace slag or fly ash, depending on the type of cement.

Circular economy
A circular economy is a model of production and consumption designed to preserve and regenerate. It is based on three principles: Prevention of waste and pollution, recycling of products and materials (at the level of their highest value) and regeneration of natural resources.

Circularity
Circularity is the compatibility of a material flow (e.g. materials or products) with the principle of circular economy.

Clinker (Portland cement clinker)
Intermediate product in the cement production process that is made by heating a finely-ground raw material mixture to around 1,450 °C in the cement kiln. For the manufacture of cement, the greyish-black clinker nodules are extremely finely ground. Clinker is the main ingredient in most cement types.

Clinker ratio
Proportion of clinker in cement.

Commercial Paper
Bearer notes issued by companies within the framework of a Commercial Paper Programme (CP Programme) to meet short-term financing needs.

Composite cement
In composite cements, a proportion of the clinker is replaced with alternative raw materials, usually by-products from other industries, such as blast furnace slag or fly ash. Decreasing the proportion of energy-intensive clinker in cement is of critical importance for reducing energy consumption and CO_2 emissions as well as for preserving natural raw materials.

Concrete
Building material that is manufactured by mixing cement, aggregates (gravel, sand or crushed stone) and water.

CCUS
CCUS stands for the capture, utilisation, and storage of CO_2.

Direct separation
Direct separation technology is supposed to enable the capture of process-related CO_2 without additional use of heat or any other commodity. A special reactor replaces the conventional calciner of the kiln system to separate the CO_2 already during calcination.

EMTN programme
An EMTN (Euro Medium Term Note) programme represents a framework agreement made between the company and the banks appointed to be dealers. Heidelberg Materials has the option of issuing debenture bonds up to a total volume of €10 billion under its EMTN programme.

Glossary

European Union Emissions Trading Scheme (EU ETS)
The European Union Emissions Trading Scheme (EU ETS) obliges companies or operators of emission-intensive industrial facilities to participate in European emissions trading. These companies must purchase allowances for their CO_2 emissions.

Fly ash
Solid, particulate combustion residue from coal-fired power plants. Additive for cement.

Full-time equivalents (FTE)
Number of hours worked by all full-time and part-time employees divided by the working hours of a full-time employee.

Grinding plant
A grinding plant is a cement production facility without clinker-burning process. Delivered clinker and selected additives, depending on the type of cement, are ground into cement. Grinding plants are particularly operated at locations where suitable raw material deposits for cement production are not available.

Gross emissions
Direct emissions excluding emissions from pure biomass and biogenic CO_2 content of mixed fuels minus emissions from on-site power generation.

Leverage ratio
Ratio of net debt to result from current operations before depreciation and amortisation (RCOBD).

Net debt
The sum of all non-current and current financial liabilities minus cash and cash equivalents and short-term derivatives.

Net emissions
Net emissions equal gross emissions minus emissions from alternative fossil fuels and non-biogenic CO_2 content of mixed fuels, minus emissions for external heat transfer.

Net-zero emissions
Reduction of our CO_2 emissions across the value chain in line with **SBTi's** 1.5 °C pathway, while neutralising residual emissions.

OxyCal technology
Clinker-burning technique in which only the static part of the kiln process is operated in Oxyfuel mode. OxyCal is often combined with amine technology to also capture the CO_2 from the rotary kiln. In this way, up to 97% of the CO_2 can be captured with a purity of 99%.

Oxyfuel technology
Clinker-burning technique in which pure oxygen is introduced into the kiln instead of air. This leads to a CO_2 content of up to 90% in the exhaust gases, which can be further upgraded to 99%. The aim is to capture the CO_2 in a more energy-efficient way than by post-combustion capture, as no additional heat is required.

Ready-mixed concrete
Concrete that is manufactured in a ready-mixed concrete facility and transported to the building site using ready-mix trucks.

RCOBD/RCO
Result from current operations before depreciation and amortisation/result from current operations.

RCOBD margin
Ratio of result from current operations before depreciation and amortisation (RCOBD) to revenue.

ROIC
Return on Invested Capital.

Sustainable products
Products with the use of recycled materials and/or lower CO_2 emissions during production.

Sustainable revenue
We aim to generate 50% of our Group revenue from carbon-reduced and circular products and solutions by 2030, thereby mitigating the climate impact ofour business activities. The key figure for sustainable revenue pursuant to the Taxonomy Regulation is calculated on the basis of revenue related to the taxonomy-aligned economic activities (numerator) divided by total revenue (denominator).

Financial calendar 2025

8 May	**Quarterly Statement January to March 2025**
15 May	**Annual General Meeting 2025**
27-28 May	**Capital Markets Day 2025**
31 Jul	**Half-Year Financial Report 2025**
6 Nov	**Quarterly Statement January to September 2025**

Contact

Group Communication

Phone:
+49 6221 481-13227

Fax:
+49 6221 481-13217

info@heidelbergmaterials.com

Investor Relations

Phone:
+49 6221 481-41326
+49 6221 481-13925
+49 6221 481-41016
+49 6221 481-39670

Fax:
+49 6221 481-13217

ir-info@heidelbergmaterials.com

Imprint

Heidelberg Materials AG
Berliner Strasse 6
69120 Heidelberg, Germany

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Group Communication
& Investor Relations Heidelberg Materials

hw.design gmbh, Munich, Germany

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This report – in German and English – is only available electronically on the Internet: **www.heidelbergmaterials.com**.

There, you will also find the 2024 financial statements of Heidelberg Materials AG and further information about Heidelberg Materials.

Translation of the Annual and Sustainability Report 2024. The German version is binding.

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Due to rounding, numbers presented in the report may not add up precisely to the totals provided.