

Remuneration report

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Remuneration report for the 2023 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 2023 financial year to the members of the Managing Board and Supervisory Board in office in the 2023 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.

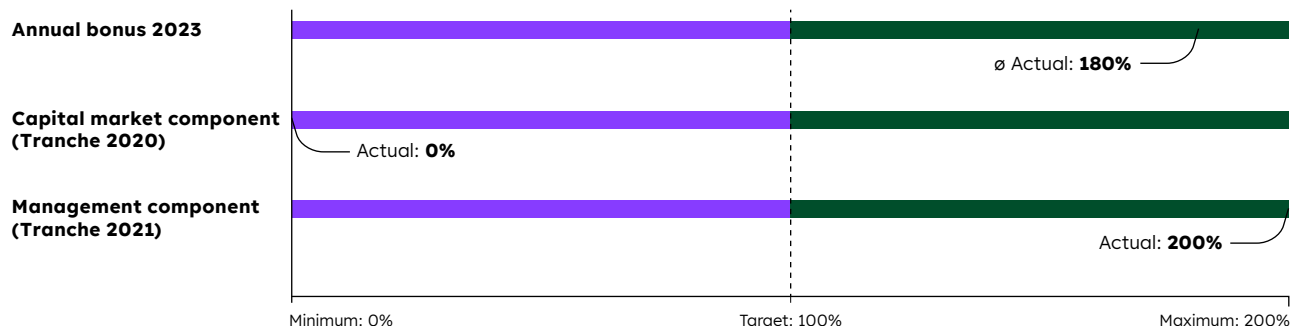
Review of the 2023 financial year

Business development and target achievement in the 2023 financial year

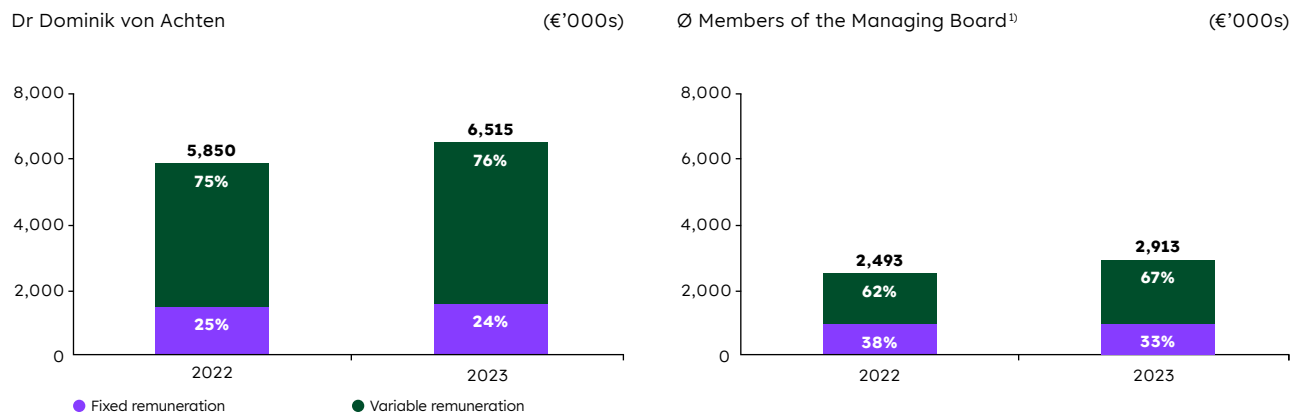
The excellent business development of Heidelberg Materials in the financial year 2023 is also reflected in the target achievement of the variable elements of the remuneration of the Managing Board. The record result in the profit for the financial year attributable to the shareholders of Heidelberg Materials AG adjusted for special effects and the reduction in CO₂ emissions contributed to the achievement of the objectives for the annual bonus. In addition, initiatives were implemented that served as a basis of the individual target agreements for the members of the Managing Board within the framework of the company strategy.

For the management component of the long-term bonus 2021-2023/2024, a strong performance of EBIT and ROIC, adjusted for special effects, led to a target achievement of 200 %. However, the total shareholder return (TSR) of the Heidelberg Materials share after the end of the performance period from 2020 to 2023 was below that of the TSRs of the DAX and the MSCI World Construction Materials Index. Consequently, and despite the positive development of the Heidelberg Materials share in 2023, there is no payment from the capital market component of the long-term bonus. This result can be explained, among other things, by the fact that the target achievement is measured by the change in TSR based on a four-year reference period prior to the start of the plan (degressive smoothing).

Target achievement 2023



Granted and owed remuneration in the 2023 financial year



1) Excluding the Chairman of the Managing Board

Changes in the composition of the Managing Board

Long-standing member of the Managing Board Ernest Jelito retired with effect from 31 December 2023. Following the termination of his Managing Board mandate, it was agreed with Mr Jelito that he will remain available to Heidelberg Materials as an advisor until 31 December 2024. The fee to be paid to Mr Jelito for this activity will be calculated on the basis of the number of hours of consultancy provided. 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 1 January 2024, Roberto Callieri was appointed to the Managing Board and assumed responsibility for the Asia Group area. Chief Financial Officer René Aldach assumed additional responsibility for Australia with effect from January 2024. Axel Conrads was appointed to the Managing Board and made Chief Technical Officer as of 1 February 2024. In addition, as of 1 January 2024, the Western and Southern Europe Group areas and the majority of Northern and Eastern Europe-Central Asia were combined to form the new Europe Group area under the responsibility of Jon Morrish. Since January 2024, Hakan Gurdal has taken 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 and Mediterranean-Western Asia .

2022 remuneration report

In accordance with the requirements of the German Act Implementing the Second Shareholder Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärs-rechterrichtlinie, ARUG II), the 2022 remuneration report was submitted to the 2023 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 91.06%. 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 transparency and have only made selective adjustments to further improve the report. The 2022 remuneration report is available via the following link: <https://www.heidelbergmaterials.com/en/corporate-governance>.

Further development of the remuneration system

The Supervisory Board is committed to continuously improving the remuneration system for the members of the Managing Board in the interests of the shareholders of Heidelberg Materials AG.

In the 2023 financial year, the Supervisory Board carried out a comprehensive review of the remuneration system, taking into account investor expectations and Heidelberg Materials' strategic objectives. The remuneration system further developed on the basis of the review (2024+ Remuneration System) will be submitted to the 2024 Annual General Meeting for approval and will then apply retroactively from 1 January 2024. The main features of the revised remuneration system are described in more detail at the end of this remuneration report.

Remuneration of the Managing Board in the 2023 financial year

Principles of the remuneration of the Managing Board

The remuneration system of the Managing Board is aligned with the Group strategy. By selecting appropriate performance criteria for the variable 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 variable remuneration underlines the desire for excellent business performance as well as 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 variable and thus performance-based 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 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 for the variable remuneration
- **Alignment with shareholder interests** through share-based remuneration and share ownership obligation
- Use of **relative performance assessment** and **avoidance of retroactive adjustments** to target values or performance criteria during the year
- **Capping of total remuneration** through contractually **fixed payouts**
- **Malus and clawback rules** for the overall variable remuneration

Procedure for determining and implementing the remuneration system and the amount of Managing Board remuneration

The remuneration system for the members of the Managing Board is determined by the Supervisory Board pursuant to section 87a of the AktG following a recommendation by the Personnel Committee and is then submitted to the Annual General Meeting for approval.

As a result of the German Act Implementing the Second Shareholder Rights Directive (ARUG II) entering into force on 1 January 2020, the remuneration system of the Managing Board was submitted to the Annual General Meeting in 2021 after a resolution by the Supervisory Board and was approved by the Annual General Meeting with an acceptance rate of 92.21%. It has been applicable to all members of the Managing Board since 1 January 2021 and is available via the following link: <https://www.heidelbergmaterials.com/en/corporate-governance>.

Following a recommendation by the Personnel Committee, the Supervisory Board resolved to submit a revised remuneration system for members of the Managing Board to the Annual General Meeting in 2024 for approval. Following approval by the shareholders of Heidelberg Materials AG, the revised remuneration system shall apply retroactively to all members of the Managing Board with effect from 1 January 2024 and is available via the following link: <https://www.heidelbergmaterials.com/en/corporate-governance>.

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 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. For the horizontal comparison, the selection of companies is based on the size and international activity of Heidelberg Materials, the economic and financial situation, and future prospects.

The companies of the DAX are used for the horizontal comparison. The horizontal comparison serves to verify that the remuneration of the Managing Board is market common.

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 AG, 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 target value of the long-term bonus) in the internal comparison in the period from 2019 to 2023. 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 2023 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 1:10 (previous year: 1:11), and the ratio to the total workforce of Heidelberg Materials AG was 1:39 (previous year: 1:41).

Development of the average target direct remuneration¹⁾ of the Managing Board and total workforce of Heidelberg Materials AG

€'000s	2019	Change 2020/2019	2020	Change 2021/2020	2021	Change 2022/2021	2022	Change 2023/2022	2023
Managing Board ²⁾	2,866.8	0.1%	2,868.7	-9.1%	2,607.8	-0.7%	2,590.5	0.8%	2,610.6
Top and senior management ³⁾	217.2	5.9%	230.0	2.7%	236.3	-1.0%	233.9	8.0%	252.6
Total workforce of Heidelberg Materials AG ⁴⁾	62.6	1.2%	63.4	1.4%	64.3	-2.2%	62.9	6.0%	66.6

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.

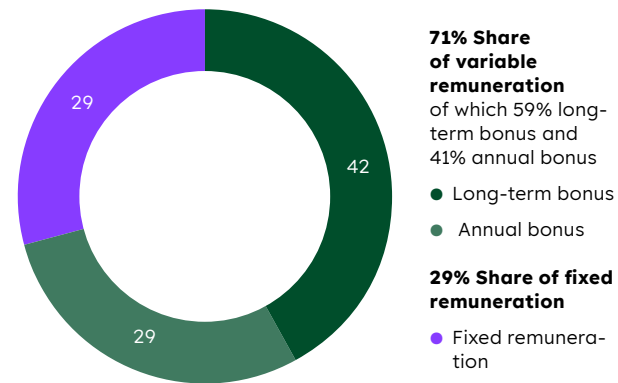
4) Including top and senior management, excluding Managing Board.

Remuneration structure

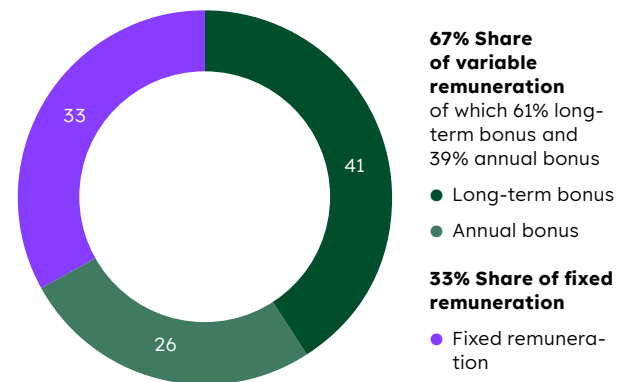
Pay for performance and the focus on the sustainable and long-term development of the company are central principles of the remuneration of its Managing Board. With these principles in mind, 71% of the target direct remuneration for the Chairman of the Managing Board and around 67% for the members of the Managing Board consists of variable 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.

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 variable remuneration components.

Remuneration components of the Chairman of the Managing Board in %



Remuneration components of the members of the Managing Board¹⁾ 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.

The target remuneration of the members of the Managing Board who were active in the 2023 financial year is as follows for the 2023 financial year:

Target remuneration

€'000s	Dr Dominik von Achten Chairman of the Managing Board		René Aldach Chief Financial Officer	
	2022	2023	2022	2023
Fixed annual salary	1,469	1,525	600	600
Fringe benefits	11	9	13	15
Contribution to private pension (cash allowance)	-	-	-	-
One-year variable compensation	1,469	1,525	480	480
Annual bonus 2022	1,469	-	480	-
Annual bonus 2023	-	1,525	-	480
Multi-year variable compensation	2,263	2,288	750	750
Long-term bonus plan 2022-2024/2025	2,263	-	750	-
Management component tranche 2022-2024	1,130	-	375	-
Capital market component tranche 2022-2025	1,133	-	375	-
Long-term bonus plan 2023-2025/2026	-	2,288	-	750
Management component tranche 2023-2025	-	1,144	-	375
Capital market component tranche 2023-2026	-	1,144	-	375
Others	-	-	-	-
Service costs	414	359	254	164
Total compensation	5,626	5,706	2,097	2,010

Target remuneration

€'000s	Kevin Gluskie Member of the Managing Board ¹⁾		Hakan Gurdal Member of the Managing Board		Ernest Jelito Member of the Managing Board		Dr Nicola Kimm Member of the Managing Board	
	2022	2023	2022	2023	2022	2023	2022	2023
Fixed annual salary	960	894	770	770	719	728	600	600
Fringe benefits	502	536	79	87	80	40	83	52
Contribution to private pension (cash allowance)	-	-	-	-	-	-	-	-
One-year variable compensation	768	715	616	616	575	582	480	480
Annual bonus 2022	768	-	616	-	575	-	480	-
Annual bonus 2023	-	715	-	616	-	582	-	480
Multi-year variable compensation	1,164	1,158	963	963	907		750	750
Long-term bonus plan 2022–2024/2025	1,164	-	963	-	907	-	750	-
Management component tranche 2022–2024	582	-	481	-	453	-	375	-
Capital market component tranche 2022–2025	582	-	481	-	454	-	375	-
Long-term bonus plan 2023–2025/2026	-	1,158	-	963	-	910	-	750
Management component tranche 2023–2025	-	579	-	481	-	455	-	375
Capital market component tranche 2023–2026	-	579	-	481	-	455	-	375
Others	-	-	-	-	-	-	-	-
Service costs	821	525	638	383	462	454	272	214
Total compensation	4,215	3,828	3,065	2,818	2,742	2,715	2,185	2,096

1) 90% of Kevin Gluskie's fixed annual salary, annual bonus and long-term bonus are paid by Heidelberg Materials Asia Pte. Ltd. The remaining 10% are paid by Heidelberg Materials AG. Kevin Gluskie receives his remuneration in Australian dollars in accordance with his employment contract. The average exchange rates for 2022 (1.5169 AUD/EUR) and 2023 (1.6290 AUD/EUR) were used for conversion into euros. The closing rates before the start of the performance period (31 December, 2021: 1.5647 AUD/EUR, 31 December, 2022: 1.5717 AUD/EUR) were used to convert the long-term bonus into euros.

Target remuneration

€'000s	Dennis Lentz Member of the Managing Board ²⁾		Jon Morrish Member of the Managing Board		Chris Ward Member of the Managing Board ³⁾	
	2022	2023	2022	2023	2022	2023
Fixed annual salary	600	600	903	903	819	829
Fringe benefits	326	412	97	82	60	58
Contribution to private pension (cash allowance)	-	-	-	-	401	392
One-year variable compensation	480	480	722	722	655	663
Annual bonus 2022	480	-	722	-	655	-
Annual bonus 2023	-	480	-	722	-	663
Multi-year variable compensation	750	750	1,129	1,129	957	1,086
Long-term bonus plan 2022–2024/2025	750	-	1,129	-	957	-
Management component tranche 2022–2024	375	-	564	-	478	-
Capital market component tranche 2022–2025	375	-	564	-	479	-
Long-term bonus plan 2023–2025/2026	-	750	-	1,129	-	1,086
Management component tranche 2023–2025	-	375	-	564	-	542
Capital market component tranche 2023–2026	-	375	-	564	-	544
Others	-	-	-	-	-	-
Service costs	237	145	572	324	-	18
Total compensation	2,393	2,388	2,701	3,160	2,892	3,047

2) 70% of Mr. Dennis Lentz's fixed annual salary, annual bonus, and long-term bonus are borne by Heidelberg Materials US, Inc. (Lehigh Hanson until 1 January 2023). The remaining 30% is borne by Heidelberg Materials AG.

3) 90% of Chris Ward's fixed annual salary, annual bonus, and long-term bonus are paid by Heidelberg Materials US, Inc. The remaining 10% are paid by Heidelberg Materials AG. Chris Ward receives his remuneration in US dollars in accordance with his employment contract. The average exchange rates for 2022 (1.0536 USD/EUR) and 2023 (1.0816 USD/EUR) were used for conversion into euros. The closing rates before the start of the performance period (31 December, 2021: 1.1370 USD/EUR, 31 December, 2022: 1.0705 USD/EUR) were used to convert the long-term bonus into euros.

Compliance with the maximum remuneration under the previous remuneration system

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 variable 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 old contracts of 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) are defined in the Managing Board agreements concluded since the 2020 financial year. A maximum remuneration of €3,245,000 applies for René Aldach, Dr Nicola Kimm, and Dennis Lentz. For the current Chairman of the Managing Board, the maximum remuneration is limited to €8,400,000 based on individual contractual provisions. This corresponds to 157% 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 maximum remuneration of the Chairman of the Managing Board or the upper limits of the Managing Board agreements concluded since the 2020 financial year limit all payouts resulting from the commitment for a financial year, regardless of when they are received. A compliance report on the maximum remuneration for

the 2023 financial year will therefore be prepared after the tranche of the long-term bonus promised in 2023 has been paid out. Compliance with the maximum remuneration will be reported in the remuneration report for the 2026 financial year after the end of the performance period of the capital market component of the 2023 tranche. If the payout from the long-term bonus results in the maximum remuneration being exceeded, the payout amount will be reduced accordingly to ensure compliance with the maximum remuneration.

At the end of the 2023 financial year, all remuneration components allocated in the 2020 financial year have been granted and are owed. The following table shows compliance with the maximum remuneration on an individualised basis for the members of the Managing Board in office in the 2020 financial year with the maximum remuneration levels applicable for the 2020 financial year:

Remuneration paid for the 2020 financial year

	Dr Bernd Scheifele Chairman of the Managing Board (until 31 Jan. 2020)	Dr Dominik von Achten Chairman of the Managing Board (since 1 Feb. 2020)	Dr Lorenz Näger Member of the Managing Board	Kevin Gluskie Member of the Managing Board	Hakan Gurdal Member of the Managing Board	Ernest Jelito Member of the Managing Board	Jon Morrish Member of the Managing Board	Chris Ward Member of the Managing Board
€'000s/share in %	2020-2023	2020-2023	2020-2023	2020-2023	2020-2023	2020-2023	2020-2023	2020-2023
Fixed annual salary 2020¹⁾	135	1,348	1,024	803	665	665	817	699
One-year variable compensation	271	2,655	1,646	1,188	1,008	1,047	1,287	1,022
Annual bonus 2020	271	2,655	1,646	1,188	1,008	1,047	1,287	1,022
Multi-year variable compensation	203	1,976	1,255	1,096	875	875	1,075	936
Long-term bonus 2020-2022/2023								
Management component tranche 2020-2022	203	1,976	1,255	1,096	875	875	1,075	936
Capital market component tranche 2020-2023	0	0	0	0	0	0	0	0
Total payments for the 2020 financial year	609	5,980	3,925	3,087	2,548	2,587	3,179	2,658
Target direct remuneration 2020	473	4,783	3,143	2,575	2,100	2,100	2,580	2,224
Total payments for 2020 as % of target remuneration	129%	125%	125%	120%	121%	123%	123%	120%
Maximum remuneration as % of target remuneration	184%	158%	184%	184%	184%	184%	184%	184%
Fixed maximum remuneration for 2020	871	7,556	5,783	4,738	3,864	3,864	4,747	4,092
Maximum remuneration complied with	yes	yes	yes	yes	yes	yes	yes	yes

1) Including a pay-cut of 20% of the monthly base salary in Q2 2020 of the active Managing Board Members

Application of the remuneration system in the 2023 financial year

The remuneration system of the Managing Board consists of fixed and variable remuneration components.

The fixed components consist of the fixed annual salary, the fringe benefits, and – if contractually agreed – a so-called cash allowance for private pension contributions. The performance-related components include the annual bonus and the long-term bonus.

The following is an overview of the arrangement of the remuneration components and their time horizon:

Remuneration components and time frame, application 2023

Fixed remuneration components

Fixed annual salary

2023 2024 2025 2026

Designed as: Fixed cash payment relating to the financial year, paid on a monthly basis, cash allowance (only Chris Ward)

Share of target direct remuneration: Chairman of the Managing Board 29%, members of the Managing Board 33%

Fringe benefits

2023 2024 2025 2026

Arrangement: Especially company cars, driving services, school fees, flight costs, tax consultancy costs, insurance benefits, individually agreed membership fees and secondment-related non-cash benefits

Variable remuneration components

Annual bonus

2023 2024 2025 2026

Designed as: Target bonus

Performance criteria: 2/3 Profit/loss for the financial year attributable to Heidelberg Materials AG shareholders and CO₂ component, 1/3 individual targets

Target achievement: 0–200% target achievement

Cap: 200% of target value

Share of target direct remuneration: Chairman of the Managing Board 29%, members of the Managing Board 26%

Long-term bonus

Cap of long-term bonus: (sum of management component and capital market component) 200%

Share of target direct remuneration: Chairman of the Managing Board 42%, members of the Managing Board 41%

Management component

2023 2024 2025 2026

Designed as: 50% performance cash plan

Performance period: Three years

Performance criteria: 50% EBIT, 50% ROIC

Target achievement: 0–200% target achievement

Cap: 200% of target value

Capital market component

2023 2024 2025 2026

Designed as: 50% performance cash plan

Performance period: Four years

Performance criteria: 50% relative TSR vs. DAX, 50% relative TSR vs. MSCI World Construction Materials Index

Target achievement: 0–200% target achievement

Cap: 400% of target value

In addition to the remuneration components shown, pension commitments are in place for the members of the Managing Board within the framework of the company pension scheme. Another central element of the Managing Board remuneration system is the mandatory share ownership, which obliges the members of the Managing Board to build up a contractually defined portfolio of Heidelberg Materials AG shares during their appointment and to hold them until the end of their appointment.

Fixed remuneration components

Fixed annual salary

The fixed annual salary is a set 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 the past financial year, the fixed annual salary of Chris Ward was reviewed and adjusted. In connection with his re-appointment, Chris Ward's fixed annual salary was in-

creased by 8% with effect from 1 September 2023. Taking into account the most recent adjustment to the fixed annual salary in May 2022, this corresponds to an annual rate of increase of 2.9% since his appointment to the Managing Board in the year 2019. In comparison, the average annual rate of increase for the total workforce of Heidelberg Materials AG over the years 2020 to 2023 was over 2.9% as well. In line with the procedure described in section 1.3, the appropriateness of the remuneration of the Managing Board members concerned was also reviewed in the course of these adjustments.

Fringe benefits

In the 2023 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, housing and school benefits, as well as insurance benefits, individually agreed membership fees, and secondment-related benefits. The 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 2023 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.

Variable remuneration components

The variable 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 (performance period) of three years (management component) or four years (capital market component).

For the overall consideration of the company's success, different performance criteria are used within the variable remuneration components to measure the target achievement. The performance criteria are derived from the Group strategy and are both financial and non-financial. The following table shows the link between performance criteria and Group strategy:

Performance criteria and Group strategy

	Growth and transformation	Sustainability	Digitalisation	People and organisation	Corporate portfolio	Capital allocation	Value creation
Annual bonus							
Profit for the financial year attributable to Heidelberg Materials AG shareholders	●					●	●
CO ₂ component	●	●		●	●	●	●
Individual targets	●	●	●	●	●	●	●
Long-term bonus							
EBIT	●					●	●
ROIC	●					●	●
Relative TSR	●					●	●

For the variable remuneration, the Supervisory Board generally has the option of discretionary adjustment of the annual and the long-term bonus in order to account for exceptional circumstances (administrative discretion). For new appointments and reappointments as of 2019, this margin of discretion has been reduced to ±15% of the target value of the variable remuneration components. For Managing Board agreements con-

cluded before 2019, it is ±25% of the respective target value. In the 2023 reporting year, this still applies to Managing Board members Kevin Gluskie and Hakan Gurdal. 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 2023 financial year.

Annual bonus

Fundamentals of the annual bonus

The annual bonus is a variable remuneration component that provides incentives to implement the operational targets in the financial year. At a target achievement rate of 100%, the annual bonus amounts to 100% of the fixed annual salary for the Chairman of the Managing Board and 80% for the members of the Managing Board. The share of the annual bonus in the target

direct remuneration amounts to around 29% for the Chairman of the Managing Board and 26% for the members of the Managing Board. The payout amount depends on the overall target achievement, which can range between 0% and 200%.

The annual bonus is paid in cash after the Annual General Meeting of the following year.

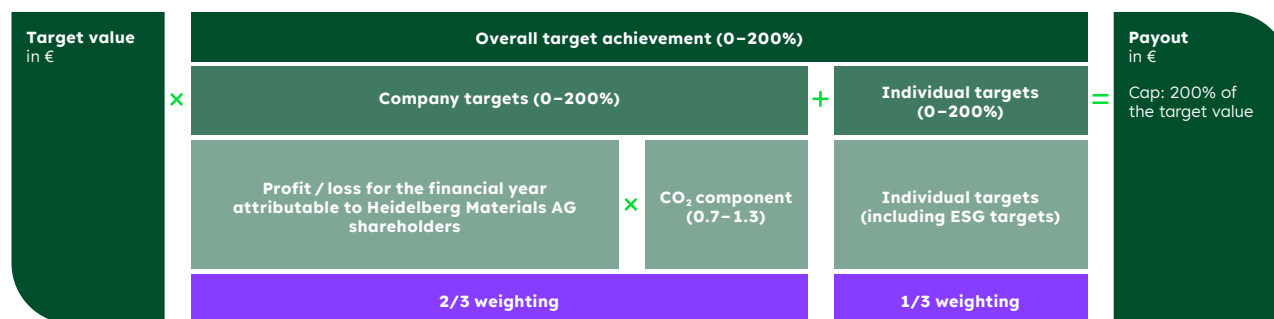
terion. Special items are only taken into account above a value of €20 million.

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. The profit for the financial year attributable to the shareholders of Heidelberg Materials AG provides the basis for dividend payments. As a component of the annual bonus, this key figure is therefore intended to provide incentives for profitable management.

In order to calculate the target achievement of the performance criterion 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 2023 financial year, the Supervisory Board set a target corridor of €1,268 million to €1,288 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 €1,068 million and the cap at €1,413 million.

In the 2023 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 €1,865 million. This results in a target achievement of 200%.

Annual bonus



If the term of office of the Managing Board member begins during the year, the target value will be reduced pro rata temporis.

Performance criteria of the annual bonus

Two thirds 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 CO₂ component) and one third by individual targets. The achievement of the corporate targets is calculated by multiplying the target achievement of the performance criterion profit for the financial year attributable to the shareholders of Heidelberg Materials AG by the multiplier of the CO₂ component.

At the beginning of the financial year, the Supervisory Board sets the target and threshold values for the individual performance criteria or, in the case of individual targets, the specific targets for the financial year. The Supervisory Board makes sure that these targets are challenging and ambitious. At the end of the financial year, the Supervisory Board determines the extent to which the individual performance criteria have been reached.

Profit/loss for the financial year attributable to Heidelberg Materials AG shareholders

The profit for the financial year attributable to the shareholders of Heidelberg Materials AG, adjusted for special items, is the basis for the first performance cri-

The following adjustments were made:

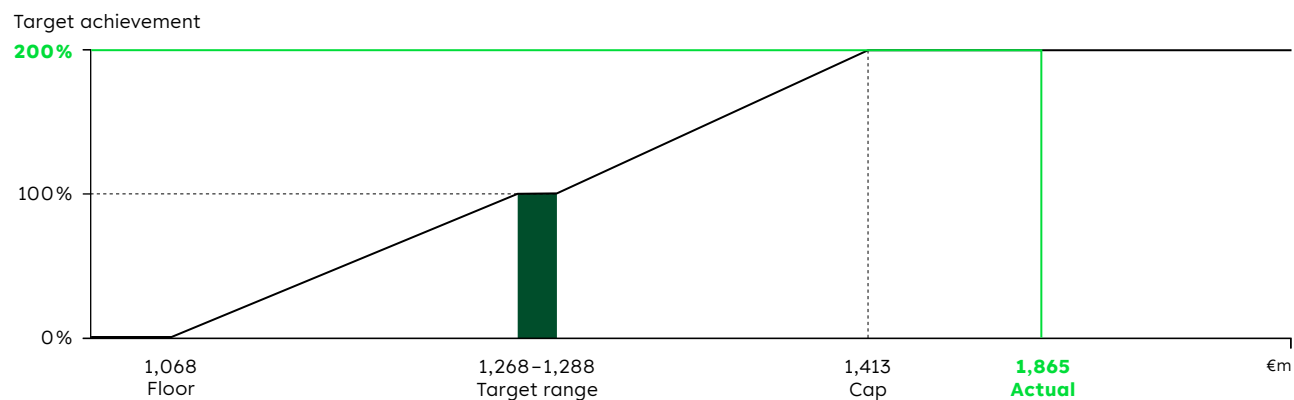
- Profits in the amount of €33 million from the sale of the Chaney group in North America were subtracted
- Impairment of the participation in the joint venture Duna Dráva Kft. in Hungary in the amount of €23 million due to the introduction of new taxes was added
- Reversal of impairment of the participation in the joint venture Akçansa Çimento Sanayi ve Ticaret A.Ş. in the amount of €57 million as a result of an increased stock market value and improved business plan was subtracted
- €29 million positive effect related to deferred taxes and tax provision were subtracted

- Expenses of €61 million recognised in connection with a claim for damages were added
- €50 million related to planned restructuring were subtracted

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 attributable to the shareholders of Heidelberg Materials AG:

Profit/loss for the financial year attributable to Heidelberg Materials AG shareholders



CO₂ component

The CO₂ component in the annual bonus is intended to provide a significant incentive to achieve the CO₂ 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 CO₂ component is based on an internal definition for the specific CO₂ emissions per tonne of cement. The internal definition takes into account the CO₂ emissions of the main process steps in cement manufacture. These include the consumption of raw materials and fuel, clinker production, and clinker grinding. The CO₂ emissions of purchased clinker are also factored in. In line with the EU ETS accounting methodology, the biomass content of the alternative fuels used is considered carbon-neutral.

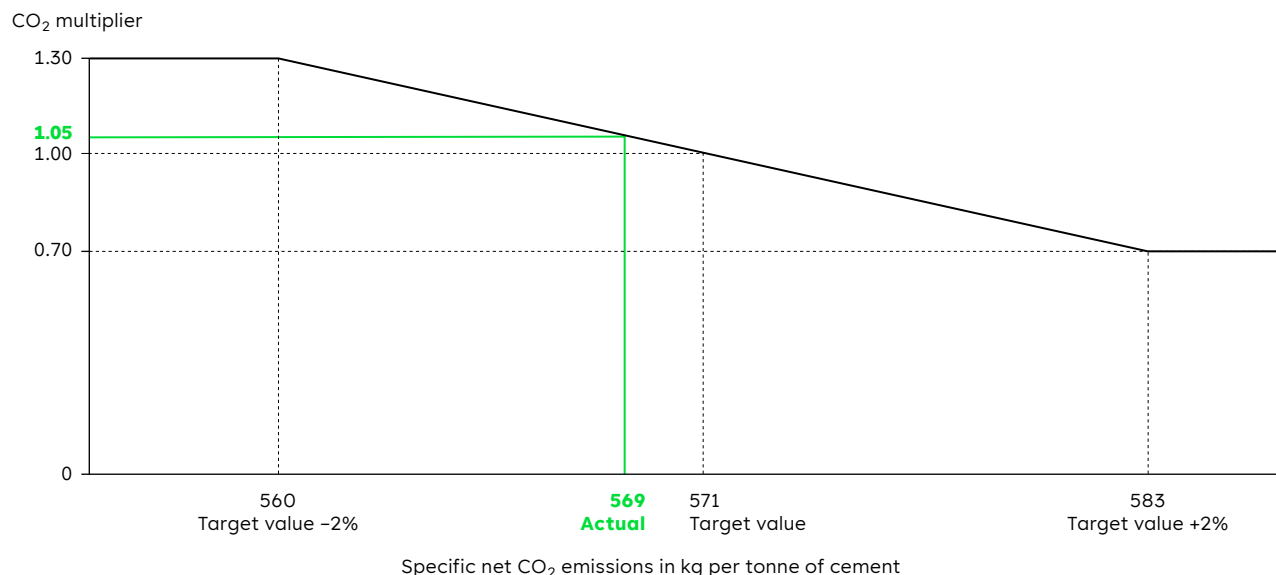
To ensure comparability with relevant competitors, Heidelberg Materials reports on CO₂ emissions in accordance with the GCCA standard (specific net CO₂ emissions per tonne of cementitious material) in the **Non-financial statement chapter**. Compared with the internal definition, the net CO₂ emissions calculation considers alternative fuels in their entirety as carbon-neutral rather than just their biogenic content. As a result, the CO₂ emissions according to the internal definition are higher than those calculated in line with the GCCA standard.

The CO₂ component is set up as a multiplier, which can range between 0.7 and 1.3 (CO₂ multiplier). To determine the CO₂ multiplier, the Supervisory Board defines a target for the specific CO₂ emissions per tonne of cement at the beginning of the respective financial year. That target is derived from Heidelberg Materials' long-term CO₂ roadmap and the Group's current CO₂ performance. For the 2023 financial year, the Supervisory Board set a target value of 571 kg of CO₂ 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 CO₂ multiplier between 1.3 (at -2%: cap) and 0.7 (at +2%: floor).

In the 2023 financial year, the actual value of CO₂ emissions was 569 kg of CO₂ per tonne of cement. This results in a CO₂ multiplier of 1.05. The following graph shows the target achievement of the CO₂ component:

CO₂ component



Individual targets

The individual targets have a weighting of one third within the annual bonus and may be both financial and non-financial. At the beginning of the financial year, the Supervisory Board defines the targets for each member of the Managing Board. The target achievement can range from 0% to 200%.

Individual targets were agreed for each member of the Managing Board in 2023 depending on their respective area of responsibility. These targets are based on the objectives of the Group strategy: growth and transformation, sustainability, digital transformation, people and organisation, corporate portfolio, capital allocation, and added value. Strategic growth targets were implemented in the areas of growth and transformation as well as corporate portfolio, particularly for recycling and digital partnerships. In order to achieve Heidelberg Materials' sustainability goals, targets were agreed to increase revenue from sustainable products, reduce the global carbon footprint, further improve sustainability reporting, and increase occupational safety. As for digital transformation, targets were set to commercialise digital products, enable efficiency gains in production and administration (HProduce), and further strengthen the digital customer base (HConnect). In order to improve capital allocation and added value, targets were set to increase free cash flow, cash conversion rate, and RCOBD margin as well as to reduce fixed costs.

For 2023, the achievement rate of individual targets for Managing Board members was between 128% and 152%. In many areas, the Managing Board not only achieved the targets, but even exceeded them. In the area of sustainability, we increased revenue of sustainable products and launched initiatives to further reduce our carbon footprint. In the area of digitalization, the digital customer base was increased (HConnect), the growth of investments (e.g. Giatec) was accelerated and measures to further improve cyber security were implemented. The acquisition of various companies and targeted disposals further expanded our presence in strategically important markets and advanced the optimization of our company portfolio. In terms of capital allocation and value creation, our excellent performance was reflected in the increase in free cash flow and the cash conversion rate (ratio of free cash flow to EBITDA) as well as the significant recovery in our profit margins (RCOBD margin). At the same time, fixed cost reduction targets were missed due to the persistently high inflation rates worldwide.

The following table provides an overview of the targets and their achievement per Managing Board member for 2023.

Individual target achievement of Managing Board members

	Individual target	2023
Dr Dominik von Achten	<ul style="list-style-type: none"> - Growth targets and portfolio optimisation for Heidelberg Materials - Acceleration of sustainability transformation (focus on sustainable products, improvement of ratings, and occupational safety) - Growth in digital partnerships and IT security - Improvement of free cash flow and cash conversion rate - Transformation of the Managing Board 	152%
René Aldach	<ul style="list-style-type: none"> - Improvement of free cash flow and cash conversion rate - Optimisation of finance structure - Audit of sustainable revenues with reasonable assurance - Increased efficiency through centralisation of internal services and reduction of fixed costs 	152%
Kevin Gluskie	<ul style="list-style-type: none"> - Alignment of Asia-Pacific (APAC) portfolio focus with Group strategy - APAC financial targets (free cash flow, cash conversion rate, fixed costs, RCOBD margin) - Increase of sustainable revenues, occupational safety, and reduction of the carbon footprint in APAC - Strengthening the digital customer and partner base in APAC - Operational targets for ready-mixed concrete 	138%
Hakan Gurdal	<ul style="list-style-type: none"> - Alignment of Africa-Eastern Mediterranean Basin (AEM) portfolio focus with Group strategy - Financial targets for AEM and Heidelberg Materials Trading (free cash flow, cash conversion rate, fixed costs, RCOBD margin) - Increase of sustainable revenues, occupational safety, and reduction of the carbon footprint in AEM - Digital transformation in AEM - Increased use of alternative fuels 	140%
Ernest Jelito	<ul style="list-style-type: none"> - Alignment of Northern and Eastern Europe-Central Asia (NEECA) portfolio focus with Group strategy - NEECA financial targets (free cash flow, cash conversion rate, fixed costs) - Increase of sustainable revenues, occupational safety, and reduction of the carbon footprint in NEECA - CCU/S project goals - Strengthening the digital customer and partner base and process optimisation through digital transformation in NEECA 	142%
Dr Nicola Kimm	<ul style="list-style-type: none"> - Reduction of the carbon footprint through increase of sustainable revenues, development of new products, and update of the CO₂ roadmap - Volume scale-up of innovative products (3D printing, ultra-high-performance concrete, low-carbon concrete) - Sustainability reporting and improvement of ratings 	140%
Dennis Lentz	<ul style="list-style-type: none"> - Strengthening the digital customer base - IT security and optimisation of digitised administrative processes - Process optimisation through digital transformation - Growth targets for Command Alkon, Giatec, C60 	135%

Individual target achievement of Managing Board members

	Individual target	2023
Jon Morrish	<ul style="list-style-type: none"> - Growth of the recycling platform - Western Europe (WSE) financial targets (free cash flow, cash conversion rate, fixed costs, RCOBD margin) - Increase of sustainable revenues, occupational safety, and reduction of the carbon footprint in WSE - Strengthening the digital customer base and commercialisation of digital products in WSE - Global roll-out of the new Heidelberg Materials brand 	147%
Chris Ward	<ul style="list-style-type: none"> - Strategic growth and sustainability targets for North America (NAM) - NAM financial targets (free cash flow, cash conversion rate, fixed costs, RCOBD margin) - Increase of sustainable revenues, occupational safety, and reduction of the carbon footprint in NAM - Strengthening the digital customer and partner base and commercialisation of digital products in NAM - Reduction of aggregates inventories 	128%

Annual bonus 2023 – 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 annual bonus 2023:

Overall target achievement Annual bonus 2023

€'000s	Target value	Profit/loss for the financial year attributable to Heidelberg Materials AG shareholders		Target achievement		Total	Payout
		CO ₂ multiplier	Total	Individual targets (2/3)	Individual targets (1/3)		
Dr Dominik von Achten	1,525				152%	184%	2,806
René Aldach	480				152%	184%	883
Kevin Gluskie	715				138%	179%	1,282
Hakan Gurdal	616				140%	180%	1,109
Ernest Jelito	582	200%	1.05	200%	142%	181%	1,052
Dr Nicola Kimm	480				140%	180%	864
Dennis Lentz	480				135%	178%	856
Jon Morrish	722				147%	182%	1,317
Chris Ward	663				128%	176%	1,168
Total	6,264						11,337

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 (this does not apply to any Managing Board member for the 2023 financial year). The 2023 annual bonus will be paid after the Annual General Meeting in 2024.

Long-term bonus

The long-term bonus is a variable remuneration component based on the company's long-term performance and is allocated in annual tranches. If 100% of the target is achieved, it amounts to 150% of the fixed annual salary for the Chairman of the Managing Board and 125% of the fixed annual salary for the members of the Managing Board.

At the beginning of the 2023 financial year, the long-term bonus 2023–2025/2026 was allocated. The first allocation was made in the 2011 financial year.

The following illustration gives an overview of the payout scheme of the long-term bonus tranches in relation to the 2023 financial year and the still outstanding tranches:

Payment system for the long-term bonus



The long-term bonus 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 earnings before interest and taxes (EBIT) and return on invested capital (ROIC). The target value for the management component is 50% of the total target value 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 structured as a performance share plan. It is based on virtual shares, so-called performance share units (PSUs), thus establishing a direct link to the development of the Heidelberg Materials share price and strengthening the alignment between the interests of the Managing Board and the shareholders. The capital market component has a four-year performance period and considers the external added value as measured by 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 target value 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.

The allocation price for the long-term bonus 2023–2025/2026 and the 2023 tranche of the capital market component is €48.74.

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 with 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 following table summarises the individual target values 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 long-term bonus 2023–2025/2026:

Allocation long-term bonus 2023–2025/2026

€'000s	Management component		Allocation price in €	Capital market component		Overall target value
	Target value	Target value		Number of provisionally allocated PSUs	Maximum possible number of PSUs	
Dr Dominik von Achten	1,144	1,144	48.74	23,466	46,933	2,288
René Aldach	375	375		7,694	15,388	750
Kevin Gluskie	579	579		11,879	23,758	1,158
Hakan Gurdal	481	481		9,874	19,748	963
Ernest Jelito	455	455		9,335	18,670	910
Dr Nicola Kimm	375	375		7,694	15,388	750
Dennis Lentz	375	375		7,694	15,388	750
Jon Morrish	564	564		11,579	23,159	1,129
Chris Ward ¹⁾	542	544		11,162	22,324	1,086
Total	4,890	4,892			100,377	200,755

1) Calculation basis: daily pro rata calculation from 1 January 2023 to 31 August 2023 and from 1 September 2023 due to a salary change over the term of 3 and 4 years, respectively.

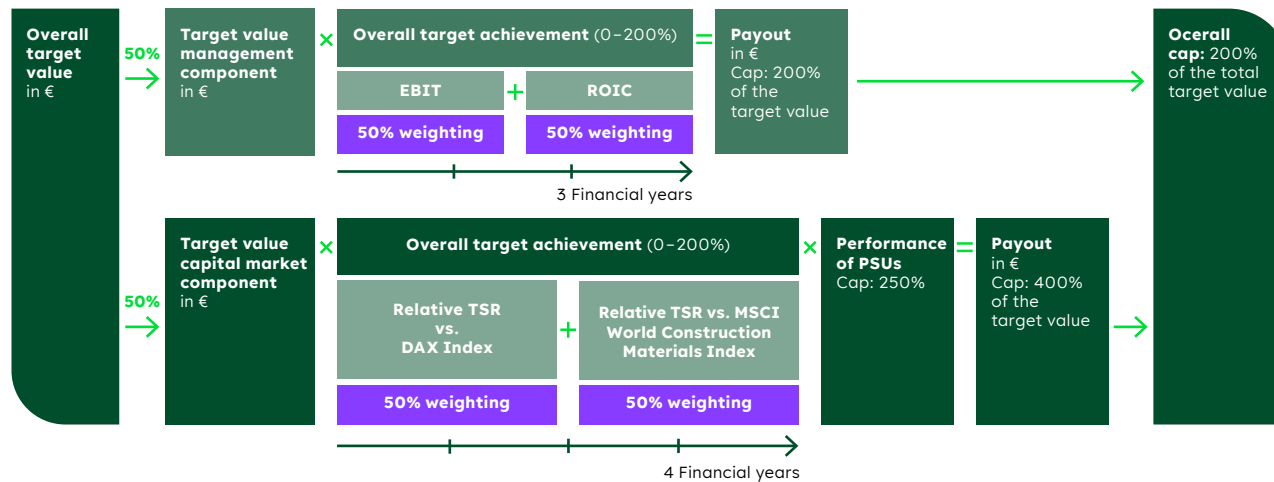
If the term of office of a Managing Board member begins or ends during the year, the target value for both the management component and the capital market component will be calculated to the day pro rata temporis based on the period from the date of appointment to the end of the respective performance period or from the beginning of the performance period to the respective exit date in relation to the total duration of the performance period.

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 target value. 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 target value.

Payouts from the overall long-term bonus are capped at a maximum of 200% of the contractually agreed target value, 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

The overall target achievement for the management component is determined on the basis of the equally weighted performance criteria adjusted EBIT and ROIC.

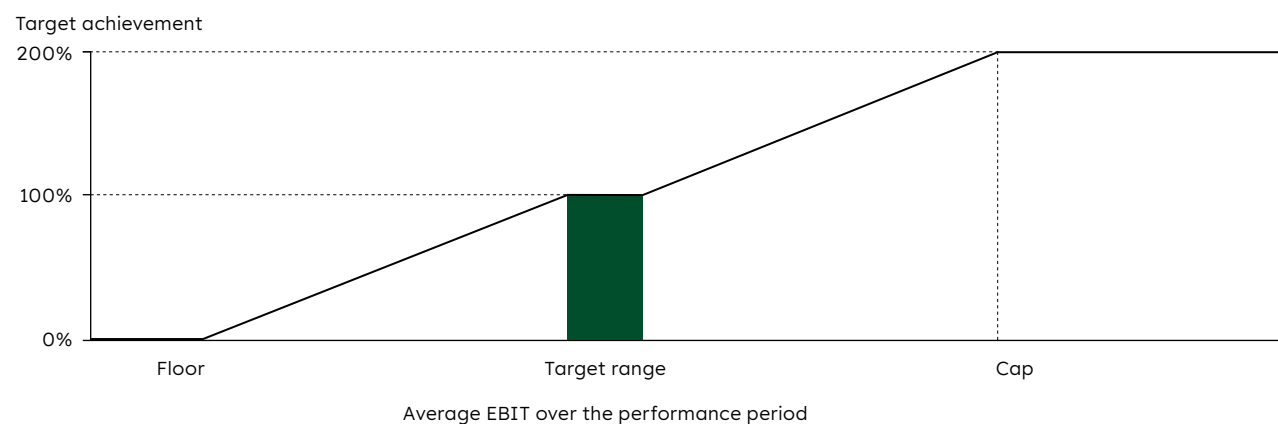
EBIT

The basis for the performance criterion is the EBIT, which is adjusted for one-time special effects that could not be foreseen at the time when the operating plan and the targets were set. 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.

EBIT is a measure of profitability and reflects the economic strength of Heidelberg Materials. Combined with the consideration of the profit for the financial year attributable to the shareholders of Heidelberg Materials AG in the annual bonus, incentives for profitable growth are thus provided in both the short-term and long-term variable 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 the 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%.

Performance criterion EBIT



For the performance criterion EBIT, the defined target corridor, the thresholds (cap and floor), 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 performance period has ended.

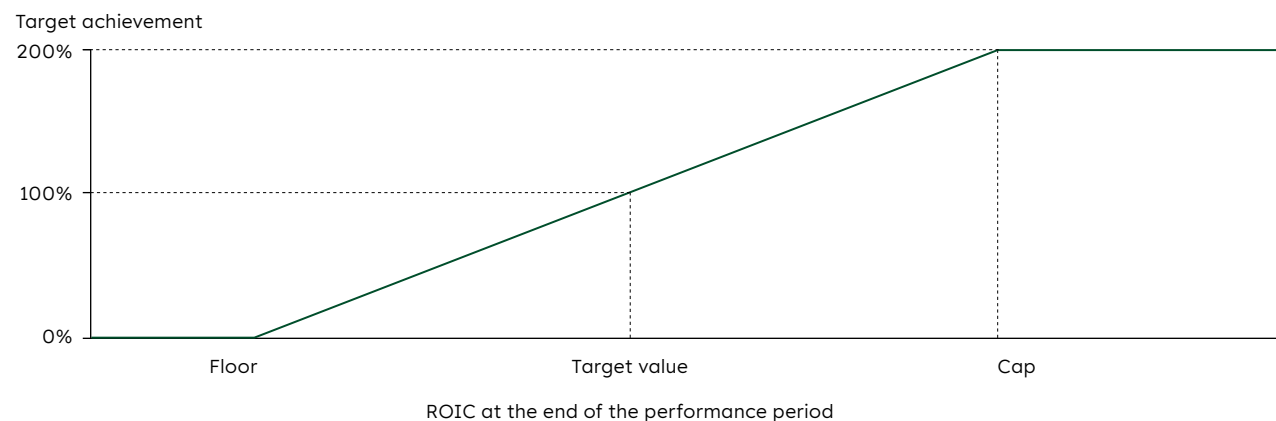
ROIC

The performance criterion is based on ROIC. Starting with 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 2023 financial year section**. 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 actual value at the end of the performance period. The lower and upper limits 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 ROIC



For the performance criterion ROIC, the defined target value, the thresholds (cap and floor), 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 respective the performance period has ended.

Performance criterion of the capital market component

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.

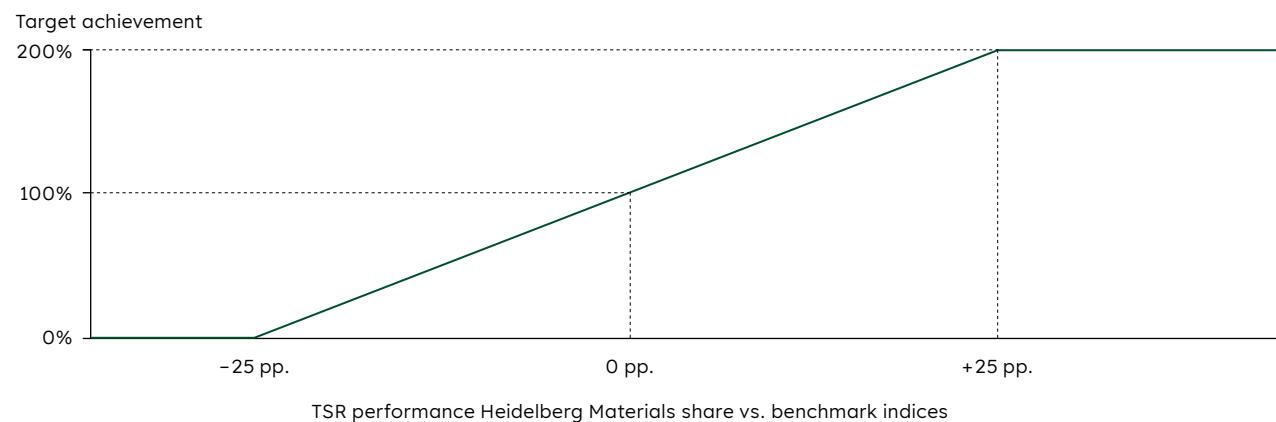
Relative TSR represents a capital market-oriented performance criterion that provides an incentive for the sustainable and long-term outperformance of the peer

groups and is thus in line with Heidelberg Materials' target of offering shareholders an attractive investment opportunity. Furthermore, the relative TSR adds a relative performance metric to the long-term bonus.

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 (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.

The target achievement curve for the relative TSR is as follows:

Relative TSR



Completed tranches at the end of the 2023 financial year

At the end of the 2023 financial year, the 2021 tranche of the management component (long-term bonus 2021–2023/2024) and the 2020 tranche of the capital market component (long-term bonus 2020/2022/2023) were completed. The structure of the two completed tranches largely corresponds to the tranches of the long-term bonus allocated in the 2023 financial year.

2021 tranche of the management component

The target achievement for the 2021 tranche of the management component was determined on the basis of the equally weighted performance criteria EBIT and ROIC. Deviating from the calculation methodology applied since 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 management component performance period.

Before the start of the tranche, a target corridor of €2,295 million to €2,395 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 €2,647 million (2021: €2,565 million, 2022: €2,419 million, 2023: €2,957 million). The individual annual figures are adjusted for the special items relevant to remuneration 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, these were primarily restructuring expenses, impairments, and gains on disposals. For 2023 these are listed in the [Annual bonus section](#) and include the gains from the sale of the Chaney group in North America, impairments of the participation in the joint venture Duna Dráva Kft. in Hungary, reversal of impairment of the participation in the joint venture Akçansa Çimento Şanayi ve Ticaret A.S. This results in a target achievement for EBIT of 200%.

Before the start of the tranche, a target value of 8.70% 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 8.00%, while the upper threshold (cap) for ROIC, which must be reached for a target achievement of 200%, is 9.40%. The actual ROIC value at the end of the performance period was 10.1%, corresponding to a target achievement of 200%.

Based on the target achievements in the two performance criteria, the overall target achievement for the 2021 tranche of the management component is 200%.

The table summarises the target values, thresholds (cap and floor), as well as actual values and target achievements per performance criterion:

Target achievement in management component of long-term bonus 2021–2023/2024

	Target achievement curve				Actual value	Target achievement
	Weighting	Floor	Target corridor	Cap		
EBIT	50%	€m 2,195	€m 2,295–2,395	€m 2,495	€m 2,647	200%
ROIC	50%	8.00%	8.70%	9.40%	10.09%	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 2021 tranche of the management component:

Summary of the management component of long-term bonus 2021–2023/2024

€ '000s	Target value	Target achievement			Payout
		EBIT	ROIC	Total	
Dr Dominik von Achten	1,088				2,175
René Aldach	292				584
Kevin Gluskie	571				1,142
Hakan Gurdal	480				960
Ernest Jelito	438	200%	200%	200%	875
Dr Nicola Kimm	292				584
Dennis Lentz	292				584
Jon Morrish	564				1,127
Chris Ward	430				860
Total	4,447				8,891

The payout from the 2021 tranche of the management component will be made following the Annual General Meeting in 2024.

2020 tranche of the capital market component

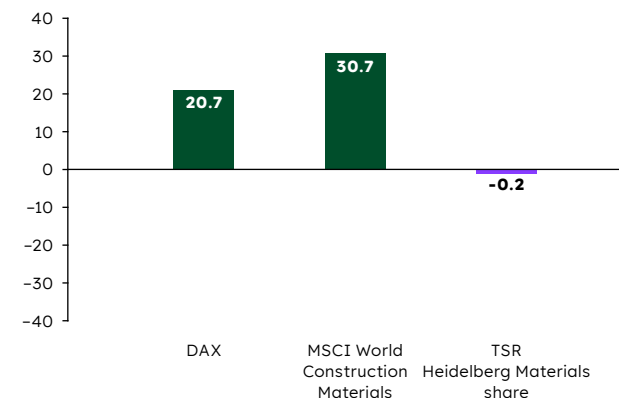
The target achievement for the 2020 tranche of the capital market component was measured analogously to the tranche allocated in the 2023 financial year on the basis of the performance criterion relative TSR.

While the DAX recorded an increase of 20.7% over the four-year performance period compared with the reference period and the MSCI World Construction Materials Index an increase of 30.7%, the TSR of the Heidelberg Materials share was -0.2% at the end of the

performance period. This results in a difference of -20.9 percentage points compared with the DAX and a difference of -31.0 percentage points compared with the MSCI World Construction Materials Index. The average difference amounts to -26.0 percentage points. The overall target achievement rate for the relative TSR is therefore 0% for the 2020 tranche of the capital market component.

The allocation price for determining the number of provisionally allocated PSUs at the start of the tranche was €65.84. The closing price, including notionally reinvested dividends and adjusted for changes in capital, was €83.17 at the end of the performance period. This corresponds to a development of 26.3% over the performance period.

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 2020 tranche of the capital market component per member of the Managing Board:

Summary of the capital market component of the long-term bonus 2020–2022/2023

€'000s	Target value	Allocation price in €	Number of provisionally allocated PSUs	Target achievement relative TSR	Final number of PSUs	Closing price in €	Payout
Dr Dominik von Achten	990		15,041		0		0
Kevin Gluskie	548		8,321		0		0
Hakan Gurdal	438	65.84	6,645	0.00%	0	83.17	0
Ernest Jelito	438		6,645		0		0
Jon Morrish	538		8,164		0		0
Chris Ward	468		7,111		0		0
Total	3,420		51,927		0		0

Pension commitment

Defined contribution commitment

Members of the Managing Board who have been newly appointed or reappointed since 2019 are granted a defined contribution commitment, based on which the company will pay the 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 accumu-

lated over the duration of the commitment are guaranteed. If the member of the Managing Board dies, the pension entitlement shall pass to the widow or widower or to the children of the Managing Board member. Dr Dominik von Achten, René Aldach, Ernest Jelito, Dr Nicola Kimm, and Dennis Lentz each had a defined contribution commitment in the 2023 financial year.

In lieu of a pension commitment, an annual cash allowance is made available to Chris Ward, which can be used to finance a private pension plan.

Defined benefit commitment prior to 2019 (old commitment)

In addition to his defined contribution commitment, Dr Dominik von Achten has a defined benefit commitment in the form of an annual retirement pension for the defined benefit entitlements earned until his reappointment in 2020.

The retirement agreements of the members of the Managing Board appointed between 2016 and 2018 contain the commitment to an annual retirement pension in the form of a percentage of the pensionable income. Kevin Gluskie, Hakan Gurdal, and Jon Morrish still had such a defined benefit commitment in the 2023 financial year. The percentage can equal up to 4% per commenced year of service; the maximum percentage accumulated is 40% of the pensionable income. The pensionable income is agreed individually for each member of the Managing Board.

Upon reappointment, existing defined benefit commitments are continued with the value of the pension benefit at the reappointment date. If the Supervisory Board agrees additional retirement benefit commitments, these will be covered by a defined contribution commitment. The Supervisory Board reserves the right to agree an adjustment of the retirement benefit, including within the existing system, in the event of a contract extension when an employee is close to retirement age.

In addition to the defined benefit commitment and defined contribution commitment, a transitional allowance equal to a monthly salary will be paid for a period of six months upon termination of the contract and benefit commencement.

Pension payments

The payment of the pension commitment is made monthly 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 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, their widow or widower and their 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 2023 are presented in the following table in consolidated form per member of the Managing Board:

defined benefit entitlements than in previous years and, as can be seen in the table, even to a decrease in individual cases. The increase in the present value of pension obligations between 2022 and 2023 is due to expense booked in the 2023 financial year as well as a lower interest rate.

The amount of the service cost is determined at the beginning of the respective financial year in accordance with IFRS. Accordingly, the comparison of the service cost between 2023 and 2022 still shows the effects of the increased interest rate level spike at that time. However, the amount of contributions under the defined contribution plans granted remained constant in the reporting year.

Share ownership

To further harmonise the interests of the Managing Board and the shareholders, the Supervisory Board has adopted guidelines for share ownership. The members of the Managing Board are obliged to acquire a contractually defined number of Heidelberg Materials AG shares and to hold them for the duration of their appointment as a member of the Managing Board.

The share ownership is a key element in creating a strong link between the interests of the Managing Board and the shareholders and at the same time aligning the remuneration of the Managing Board even further with the long-term success of Heidelberg Materials. The number of Heidelberg Materials shares to be held equals 30,000 for the Chairman of the Managing Board and 15,000 for each of the members of the Managing Board. Before 2019, the obligation for members of the Managing Board equalled 10,000 Heidelberg Materials shares, which is why agreements concluded prior to this date stipulate an obligation in this amount. In the event of a reappointment, the required number of 15,000 shares also applies to these

Pension commitments (IAS 19)

€'000s	Service costs		Present value of the pension obligations	
	2022	2023	2022	2023
Dr Dominik von Achten	414	359	9,357	11,464
René Aldach	254	164	306	613
Kevin Gluskie	821	525	3,709	4,623
Hakan Gurdal	638	383	2,697	2,818
Ernest Jelito	462	454	1,609	2,155
Dr Nicola Kimm	272	214	313	605
Dennis Lentz	237	145	306	613
Jon Morrish	572	324	2,280	3,134
Chris Ward ¹⁾		18	59	88
Total	3,668	2,587	20,635	26,114

1) Service cost for Chris Ward's pension commitment was incurred for the first time in 2023.

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 param-

eters, such as the age of the individual member of the Managing Board and the currently prevailing interest rate level. The sharp rise in interest rates over the past year led to a smaller increase in the present values of

members of the Managing Board. In order to fulfil the share ownership, provided that the investment target has not yet been achieved at the relevant payout date, half of the payout amounts from the long-term bonus must be used to acquire shares of the company until the complete share ownership requirement has been met. Accumulating the share ownership can therefore take several years. Company shares that are already

held by members of the Managing Board are taken into account when calculating share ownership. The members of the Managing Board have confirmed to the Supervisory Board that sufficient shares were acquired in accordance with the respective obligation.

The following table provides an overview of the share ownership status per member of the Managing Board:

Share ownership as at 31 December 2023 of current members of the Managing Board

Piece	Target	Status	Shares held as of 31 December 2023	in % of target
Dr Dominik von Achten	30,000	Investment target fully achieved	35,300	118%
René Aldach ¹⁾	15,000	In accumulation phase	5,000	33%
Kevin Gluskie	10,000	Investment target fully achieved	15,000	150%
Hakan Gurdal	10,000	Investment target fully achieved	10,000	100%
Ernest Jelito	15,000	Investment target fully achieved	15,000	100%
Dr Nicola Kimm ¹⁾	15,000	In accumulation phase	722	5%
Dennis Lentz ¹⁾	15,000	In accumulation phase	3,200	21%
Jon Morrish	15,000	Investment target fully achieved	15,004	100%
Chris Ward	15,000	Investment target fully achieved	15,000	100%

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 variable remuneration components include malus and clawback rules. These give the Supervisory Board the option to reduce part or all of the variable remuneration components that have not yet been paid out (malus) or to reclaim variable remuneration compo-

nents that have already been paid out (clawback) in the event of breaches of essential duties of diligence. The malus and clawback rules apply to both the annual bonus and the long-term bonus.

In the 2023 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 serious 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 annual bonus and long-term bonus shall be reduced pro rata temporis in case of a departure during the financial year in which the annual bonus or long-term bonus is allocated.

In the event of the early termination of a Managing Board membership for good cause before the end of the performance period, entitlements to the annual bonus and long-term bonus shall be forfeited.

Severance pay cap

In the event of an early termination of a Managing Board membership without serious cause, care is taken in accordance with the recommendations of the GCGC when concluding new Managing Board agreements or extending existing Managing Board agreements 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 2023 financial year.

Change of control clause

Managing Board employment contracts concluded before the publication of the version of the GCGC of 16 December 2019 are governed by the version of 7 February 2017, according to which a commitment to benefits in the event of the early termination of the Managing Board membership as a result of a change of control should not exceed 150% of the severance pay cap.

Managing Board agreements concluded since the 2020 financial year are governed by the proposal of the GCGC in force since 2019, according to which change of control clauses are no longer to be part of Managing Board agreements. The agreements of René Aldach, Dr Nicola Kimm, and Dennis Lentz therefore do not contain change of control clauses.

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 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 their pension agreement after leaving the company. Heidelberg Materials AG may waive the post-contractual non-compete clause before the termination of the employment contract.

In 2023, a waiting allowance of €450,000 was paid to Dr Lorenz Näger. Dr Lorenz Näger received the last payment from his waiting allowance in August 2023.

Disclosure of benefits from third parties

For the 2023 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 Mr Gluskie's remuneration was split between Heidelberg Materials AG and Heidelberg Materials Asia Pte. Ltd. due to his role as CEO of Heidelberg Materials Asia Pte. Ltd.

Remuneration granted and owed in the 2023 financial year

Remuneration of active members of the Managing Board in the 2023 financial year

The remuneration granted and owed to the individual members of the Managing Board in the 2023 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. With the exception of the lack of including the service costs of the pension commitments, this reporting logic corresponds to the previous remuneration reporting of Heidelberg Materials AG in the table Allocations according to GCGC in the version of the GCGC of 7 February 2017.

The remuneration granted and owed in the 2023 financial year pursuant to section 162 of the AktG consists of the following remuneration components:

- The fixed annual salary paid in the 2023 financial year
- The fringe benefits accrued in the 2023 financial year
- The cash allowance paid for the 2023 financial year in the case of Chris Ward
- The annual bonus determined for the 2023 financial year (annual bonus 2023), which is paid in the 2024 financial year
- The 2021 tranche of the management component, which was completed at the end of the 2023 financial year and is paid in the 2024 financial year
- The 2020 tranche of the capital market component, which was completed at the end of the 2023 financial year and is paid in the 2024 financial year

Furthermore, the service costs of the pension commitments in accordance with IAS 19 for the 2023 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 Board		
	2022	2023		2022	2023	
€'000s/share of granted and owed remuneration pursuant to section 162 of the AktG in %						
Fixed annual salary	1,469	1,525	23%	600	600	29%
Fringe benefits	11	9	1%	13	15	1%
Contribution to private pension (cash allowance)	-	-	-	-	-	-
One-year variable compensation	2,394	2,806	43%	782	883	42%
Annual bonus 2022	2,394	-	-	782	-	-
Annual bonus 2023	-	2,806	-	-	883	-
Multi-year variable compensation	1,976	2,175	33%		584	28%
Long-term bonus 2019-2021/2022						
Capital market component tranche 2019-2022	0	-	-	-	-	-
Long-term bonus 2020-2022/2023						
Management component tranche 2020-2022	1,976	-	-	-	-	-
Capital market component tranche 2020-2023	-	0	-	-	-	-
Long-term bonus 2021-2023/2024						
Management component tranche 2021-2023	-	2,175	-	-	584	-
Others	-	-	0%	-	-	0%
Granted and owed remuneration pursuant to section 162 of the AktG	5,850	6,515	100%	1,395	2,083	100%
Service costs	414	359	-	254	164	-
Total compensation	6,264	6,874	-	1,649	2,247	-

Granted and owed remuneration pursuant to section 162 of the AktG

	Kevin Gluskie Member of the Managing Board ¹⁾			Hakan Gurdal Member of the Managing Board			Ernest Jelito Member of the Managing Board ²⁾			Dr Nicola Kimm Member of the Managing Board		
€'000s/share of granted and owed remuneration pursuant to section 162 of the AktG in %	2022	2023		2022	2023		2022	2023		2022	2023	
Fixed annual salary	960	894	23%	770	770	26%	719	728	23%	600	600	29%
Fringe benefits	502	536	14%	79	87	3%	80	40	1%	83	52	2%
Contribution to private pension (cash allowance)	-	-		-	-		-	-		-	-	
One-year variable compensation	1,170	1,282	33%	973	1,109	38%	901	1,052	34%	749	864	41%
Annual bonus 2022	1,170	-		973	-		901	-		749	-	
Annual bonus 2023	-	1,282		-	1,109		-	1,052		-	864	
Multi-year variable compensation	1,096	1,142	30%	875	960	33%	875	875	28%	584	584	28%
Long-term bonus 2019-2021/2022												
Capital market component tranche 2019-2022	0	-		0	-		-	-		-	-	
Long-term bonus 2020-2022/2023												
Management component tranche 2020-2022	1,096	-		875	-		875	-		-	-	
Capital market component tranche 2020-2023	-	0		-	0		-	0		-	0	
Long-term bonus 2021-2023/2024												
Management component tranche 2021-2023	-	1,142		-	960		-	875		-	584	
Others	-	-	0%	-	-	0%	-	455	14%	-	-	0%
Granted and owed remuneration pursuant to section 162 of the AktG	3,728	3,854	100%	2,697	2,925	100%	2,575	3,150	100%	1,432	2,100	100%
Service costs	821	525	-	638	383	-	462	454	-	272	214	-
Total compensation	4,549	4,379	-	3,335	3,308	-	3,037	3,604	-	1,704	2,314	-

1) 90% of the fixed annual salary, the annual bonus and the long-term bonus of Kevin Gluskie are paid by Heidelberg Materials Asia Pte. Ltd. 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 2021 (AUD/EUR 1.5751) and 2022 (AUD/EUR 1.5169) were used for translation into euros. The closing rates prior to the start of the performance period (31 December, 2018: AUD/EUR 1.62681, 31 December, 2019: AUD/EUR 1.5971) were used to convert its long-term bonus into euros.

2) With his departure from the Managing Board on December 31, 2023, Mr. Jelito received a contractual advance payment in the amount of the target value of the management component of the long-term bonus 2023-2025/26. The advance payment does not represent a guaranteed payment and will be offset against the final target achievement at the end of the performance period.

Granted and owed remuneration pursuant to section 162 of the AktG

	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 %	2022	2023		2022	2023		2022	2023	
Fixed annual salary	600	600	24%	903	903	26%	819	829	25%
Fringe benefits	326	412	17%	97	82	2%	60	58	2%
Contribution to private pension (cash allowance)	-	-	-	-	-	-	401	392	12%
One-year variable compensation	765	856	35%	1,134	1,317	38%	1,000	1,168	35%
Annual bonus 2022	765	-	-	1,134	-	-	1,000	-	-
Annual bonus 2023	-	856	-	-	1,317	-	-	1,168	-
Multi-year variable compensation		584	24%	1,075	1,127	34%	936	860	26%
Long-term bonus 2019-2021/2022									
Capital market component tranche 2019-2022	-	-	-	0	-	-	0	-	-
Long-term bonus 2020-2022/2023									
Management component tranche 2020-2022	-	-	-	1,075	-	-	936	-	-
Capital market component tranche 2020-2023	-	-	-	-	0	-	-	0	-
Long-term bonus 2021-2023/2024									
Management component tranche 2021-2023	-	584	-	-	1,127	-	-	860	-
Others	-	-	0%	-	-	0%	-	-	0%
Granted and owed remuneration pursuant to section 162 of the AktG	1,691	2,452	100%	3,209	3,429	100%	3,216	3,307	100%
Service costs	237	145	-	572	324	-	-	18	-
Total compensation	1,928	2,598	-	3,781	3,753	-	3,216	3,325	-

1) 70% of Dennis Lentz's fixed annual salary, the annual bonus and the long-term bonus were paid by Heidelberg Materials US, Inc. (Lehigh Hanson until 1 January 2023). 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 US, Inc. (Lehigh Hanson until 1 January 2023). 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 2021 (1.1830 USD/EUR) and 2022 (1.0536 USD/EUR) were used for conversion into euros. The closing rates before the start of the performance period (31 December, 2018: 1.1467 USD/EUR, 31 December, 2019: 1.1213 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.

Former members of the Managing Board are entitled to payouts from the 2021 tranche of the management component, which was completed at the end of the 2023 financial year, and from the 2020 tranche of the capital market component, which was also completed at the end of the 2023 financial year.

The following table summarises the main elements of the tranches:

Summary of management component of long-term bonus 2021–2023/2024 for former members of the Managing Board

€'000s	Target value	Target achievement			Payout
		EBIT	ROIC	Total	
Dr Lorenz Näger ¹⁾	458	200%	200%	200%	916

1) For Dr Lorenz Näger, the value for 2023 includes a crediting of a prepayment for the long-term bonus 2021–2023/2024 in the amount of €458 thousand.

Summary of capital market component of long-term bonus 2020–2022/2023 for former members of the Managing Board

€'000s	Target value	Allocation price in €	Number of provisionally allocated PSUs	Target achievement relative TSR	Final number of PSUs	Closing price in €	Payout
Dr Lorenz Näger	628	65.84	9,540	0.00%	0	83.17	0
Dr Bernd Scheifele	102		1,543		0		0

The payout of the tranches will be made following the Annual General Meeting in 2024.

Further information on the 2021 tranche of the management component and the 2020 tranche of the capital market component can be found in the [Completed tranches at the end of the 2023 financial year section](#).

The following tables show the remuneration granted and owed to the former members of the Managing Board in the 2023 financial year pursuant to section 162 of the AktG:

Granted and owed remuneration pursuant to section 162 of the AktG

	Dr Lorenz Näger Deputy Chairman of the Managing Board (until 31 Aug. 2021) ¹⁾		Dr Bernd Scheifele Chairman of the Managing Board (until 31 Jan. 2020)		Andreas Kern Member of the Managing Board (until 30 June 2016)	
	2023	2023	2023	2023	2023	2023
€'000s/share of granted and owed remuneration pursuant to section 162 of the AktG in %						
Multi-year variable compensation	917	51%	0	0%	0	0%
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	917		-		-	
Others ²⁾	450	25%		0%		0%
Total	1,367		0			
Retirement and transitional payments	425	24%	1,023	100%	199	100%
Granted and owed remuneration pursuant to section 162 of the AktG	1,792	100%	1,023	100%	199	100%

1) In the case of Dr Lorenz Näger, the value for 2023 includes an amount of €458 thousand, which was already paid out as part of an advance payment for the long-term bonus 2021–2023/2024 in 2021.

2) Includes the payment of a waiting allowance to Dr Näger.

Further development of the remuneration system

The Supervisory Board is committed to continuously improving the remuneration system for the members of the Managing Board in the interests of the shareholders of Heidelberg Materials AG. This is done by maintaining ongoing dialogue with our investors and by regularly analysing current market practice.

In the 2023 financial year, the Supervisory Board carried out a comprehensive review of the remuneration system, taking into account investor expectations and Heidelberg Materials' strategic objectives. The remuneration system further developed on the basis of the review (2024+ Remuneration System) will be submitted to the 2024 Annual General Meeting for approval and will be effective as of 1 January 2024 for all members of the Managing Board whose employment contracts are newly concluded or extended after the date on which the Annual General Meeting approves the 2024+ Remuneration System. The 2024+ Remuneration System will also be 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 approves the remuneration system.

Key changes in the new remuneration system:

- **Long-term bonus:** 100 share-based award, uniform duration of four years and introduction of an ESG target
- **Annual bonus:** Definition of uniform performance criteria for every Managing Board member (including health and safety, free cash flow and sustainable revenue) with the aim of reducing complexity and increasing transparency

- Uniform **maximum remuneration** amounts
- Definition of **personal investment** requirements as a percentage of base salary
- Elimination of the **transitional allowance** and extension of the **clawback rule**

The revision of the remuneration system includes, in particular, adjustments to the variable, performance-related remuneration components. In future, the two target categories, Group Performance and Sustainable Strategy Targets, will have equal weighting in the annual bonus. While the profit for the financial year and the CO₂ component continue to be taken into account as part of Group Performance, four performance criteria (free cash flow, health and safety, sustainable revenue in the cement business line, and an individual target) are embedded in the Sustainable Strategy Targets, which are linked to Heidelberg Materials' strategic principles. By reducing the individual targets from up to six targets in the previous remuneration system to one target, complexity is significantly reduced and the harmonisation and comparability of objectives within the Managing Board is increased.

In future, the long-term bonus will be allocated entirely equity-based in the form of performance share units (PSUs). By dispensing with the previous separation into a management and a capital market component, the intention is to significantly reduce the complexity of the long-term bonus. In addition, the duration of the long-

term bonus will be harmonised to four years, strengthening the long-term focus of variable remuneration. To incentivise the achievement of Heidelberg Materials' ambitious sustainability targets, a strategy-derived and measurable ESG target will also be anchored in the long-term bonus. In future, target achievement for the

long-term bonus will be determined on the basis of the equally weighted performance criteria EBIT, ROIC, relative TSR, and ESG targets. The relative TSR will no longer be measured against the DAX and MSCI World Construction Materials Index, but against a peer group of competitors:

Peer group used from 2024 onwards

Global	Europe	North America	Asia	Australia
Cemex S.A.B.	ACS, S.A.	Eagle Materials Inc.	PT Semen Indonesia Tbk	Boral Limited
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			

Furthermore, the defined maximum remuneration is concretised in accordance with section 87a(1)(2)(1) of the AktG. In future, the maximum remuneration for the Chairman of the Managing Board will be €11 million, and that of the regular members of the Managing Board will be €6 million. For regular members of the Managing Board whose remuneration is defined in US dollars, the maximum remuneration to avoid risks arising from exchange rate fluctuations is US\$6.5 million.

In addition, as part of the share ownership aspect of the 2024+ Remuneration System, the members of the Managing Board will in future be obliged to invest a fixed amount in euros in Heidelberg Materials shares corresponding to a fixed percentage of their respective fixed annual salary. The move away from the previous rule requiring a fixed number of shares to be held serves the purpose of increasing the comparability of share ownership. The future share ownership figure has been determined in accordance with German market practice and will amount to 180% of fixed annual salary for the Chairman of the Managing Board and 100% for regular members of the Managing Board.

To further increase consistency with current market practice, the option of granting a transitional allowance in the event of a member of the Managing Board leaving the company's service will be removed. In addition, the existing clawback rule will be extended to include the option of reclaiming variable remuneration components in the event of materially incorrect consolidated annual financial statements (performance clawback).

Remuneration of the Supervisory Board in the 2023 financial year

Principles of the remuneration of the Supervisory Board

By resolution of 22 March 2023, the Supervisory Board adjusted the remuneration system for the members of the Supervisory Board of Heidelberg Materials AG by taking into account the new 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.

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 €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.

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 2023 financial year pursuant to section 162 of the AktG:

Remuneration granted and owed to the members of the Supervisory Board in the 2023 financial year

€'000s/share of total remuneration in %	Fixed remuneration		Remuneration for committee membership			Attendance fees			Total remuneration		
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	
Dr Bernd Scheifele (Chairman since 12.05.2022)	128	200	75%	29	45	17%	10	20	8%	167	265
Fritz-Jürgen Heckmann (Chairman until 11.05.2022)	72	-		16	-		16	-		105	-
Heinz Schmitt (Deputy Chairman)	120	120	64%	45	45	24%	18	22	12%	183	187
Barbara Breuning	80	80	64%	25	25	20%	18	20	16%	123	125
Birgit Jochens	80	80	68%	20	20	17%	12	18	15%	112	118
Ludwig Merckle	80	80	42%	65	85	45%	24	26	14%	169	191
Tobias Merckle ¹⁾ (Member until 11.05.2022)	29	-		0			6	-		35	-
Luka Mucic	80	80	47%	70	70	41%	18	22	13%	168	172
Dr Ines Ploss	80	80	58%	20	40	29%	12	18	13%	112	138
Peter Riedel	80	80	55%	25	45	31%	18	20	14%	123	145
Werner Schraeder	80	80	48%	45	65	39%	18	22	13%	143	167
Margret Suckale	80	80	53%	45	45	30%	24	26	17%	149	151
Dr Sopna Sury ¹⁾ (Member since 12.05.2022)	51	80	70%	0	20	18%	6	14	12%	57	114
Prof. Dr Marion Weissenberger-Eibl ¹⁾	80	80	58%	0	40	29%	12	18	13%	92	138
Total	1,121	1,120	59%	405	545	28%	212	246	13%	1,738	1,911

1) No committee work

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 2023 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

€'000s	2019	Change	2020	Change	2021	Change	2022	Change	2023
Development of earnings									
Result from current operations before depreciation and amortisation in €m	3,580	4%	3,707	5%	3,875	-4%	3,739	14%	4,258
Profit/loss for the financial year attributable to Heidelberg Materials AG shareholders in €m	1,091	(-296%) ¹⁾	-2,139	(-182%) ¹⁾	1,759	-9%	1,597	21%	1,929
Net profit/net loss of Heidelberg Materials AG pursuant to the HGB in €m	35	(-346%) ¹⁾	-86	(-556%) ¹⁾	392	-34%	257	214%	806
Employees²⁾									
Average	72	-1%	71	4%	74	-3%	72	7%	77
Active members of the Managing Board in the financial year									
Dr Dominik von Achten (Chairman) ³⁾	3,611	41%	5,104	10%	5,606	4%	5,850	11%	6,515
René Aldach ⁴⁾	-		-	-	502	178%	1,395	49%	2,083
Kevin Gluskie	3,287	0%	3,277	15%	3,766	-1%	3,728	3%	3,854
Hakan Gurdal	2,286	6%	2,430	18%	2,856	-6%	2,697	8%	2,925
Ernest Jelito ⁵⁾	809	115%	1,736	44%	2,502	3%	2,575	22%	3,150
Dr Nicola Kimm ⁴⁾	-		-	-	565	153%	1,432	47%	2,100
Dennis Lentz ⁴⁾	-		-	-	528	220%	1,691	45%	2,452
Jon Morrish	2,806	11%	3,109	10%	3,415	-6%	3,209	7%	3,429
Chris Ward ⁶⁾	780	176%	2,152	32%	2,850	13%	3,216	3%	3,307

Development of the direct remuneration of the Managing Board, the Supervisory Board, and the average direct remuneration of the workforce of Heidelberg Materials AG

€'000s	2019	Change	2020	Change	2021	Change	2022	Change	2023
Former members of the Managing Board									
Dr Lorenz Näger ⁷⁾	2,878	23%	3,544	81%	6,407	-63%	2,355	-24%	1,792
Dr Bernd Scheifele ⁸⁾	6,433	-62%	2,439	67%	4,063	-71%	1,163	-12%	1,023
Dr Albert Scheuer ⁹⁾	2,179	-66%	743	17%	873	-68%	280	-100%	0
Andreas Kern									199
Members of the Supervisory Board¹⁰⁾									
Fritz-Jürgen Heckmann (Chairman) ¹¹⁾	257	-2%	251	9%	273	-62%	105	-100%	0
Dr Bernd Scheifele (Chairman) ¹²⁾	-		-		-		167	59%	265
Heinz Schmitt (Deputy Chairman)	177	-1%	175	9%	191	-4%	183	2%	187
Barbara Breuninger	106	10%	117	9%	127	-3%	123	2%	125
Birgit Jochens	71	58%	112	9%	122	-8%	112	5%	118
Ludwig Merckle	166	-5%	157	10%	173	-2%	169	13%	191
Tobias Merckle	90	0%	90	9%	98	-64%	35	-100%	0
Dr Sopna Sury	-		-		-		57	100%	114
Luka Mucic	101	58%	160	10%	176	-5%	168	2%	172
Dr Ines Ploss	71	58%	112	9%	122	-8%	112	23%	138
Peter Riedel	74	58%	117	9%	127	-3%	123	18%	145
Werner Schraeder	130	5%	137	10%	151	-5%	143	17%	167
Margret Suckale	128	5%	135	13%	153	-3%	149	1%	151
Prof. Dr Marion Weissenberger-Eibl	90	-2%	88	14%	100	-8%	92	50%	138

- 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 July 2019
- 6) Member of the Managing Board since 1 September 2019
- 7) Deputy Chairman of the Managing Board until 31 August 2021
- 8) Chairman of the Managing Board until 31 January 2020
- 9) Member of the Managing Board until 5 August 2019
- 10) Individual amounts may fluctuate due to entries and exits during the year as well as changing committee activities.
- 11) Chairman of the Supervisory Board until 12 May 2022
- 12) Chairman of the Supervisory Board since 12 May 2022

Auditor's Report

To Heidelberg Materials AG, Heidelberg

We have audited the remuneration report of Heidelberg Materials AG (formally: HeidelbergCement AG), Heidelberg, for the financial year from January 1 to December 31, 2023 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, 2023, 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 20, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

[sgnd. Thomas Tilgner]	[sgnd. ppa. Olav Krützfeldt]
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)