

Heidelberg Materials

Green Finance Framework Virtual non-deal related roadshow

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About Heidelberg Materials



Heidelberg Materials is one of the world's largest building materials companies



51,000

employees
on 5 continents



3,000

locations
worldwide



Leading positions in cement,
aggregates, and ready-mixed
concrete



Global operations generated over 21 billion EUR revenues in 2023

North America

€5,219m

Europe

€9,566m

Asia-Pacific

€3,705m

Africa- Mediterranean
- Western Asia

€2,289m

Adjusted for scope and exchange rate effects.



Group

€21,178m





Our concrete promises

1. We focus on heavy building materials.
2. We commit to generate 50% of our revenue from sustainable products by 2030.
3. We commit to reduce CO₂ emissions by almost 50% to 400 kg CO₂/t CEM by 2030.
4. We will make this transition a successful business case: on growth, margins, cash flow, ROIC, and leverage.
5. We drive the change for the benefit of our customers, our shareholders, our employees, and the society we live in.





2

Heidelberg Materials' Sustainability Strategy



Sustainability Commitments 2030 – stronger and more comprehensive

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

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



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

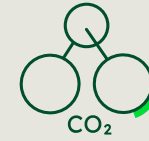
We contribute to a nature positive world through our industry-leading **biodiversity programme** and **sustainable water management**



Our industry-leading carbon reduction targets



10mt
cumulative CO₂
reduction through
CCUS by 2030



400kg CO₂/t cementitious material as average across the whole portfolio in 2030¹



47% emission reduction² across the cementitious materials portfolio by 2030



50% of our revenue will be generated from sustainable products by 2030

Corporate carbon footprint reduction in line with SBTi 1.5°C path by 2030

¹ Scope 1 acc. to GCCA; ² Reference year 1990 with an average of 750 kg CO₂/t of cementitious material



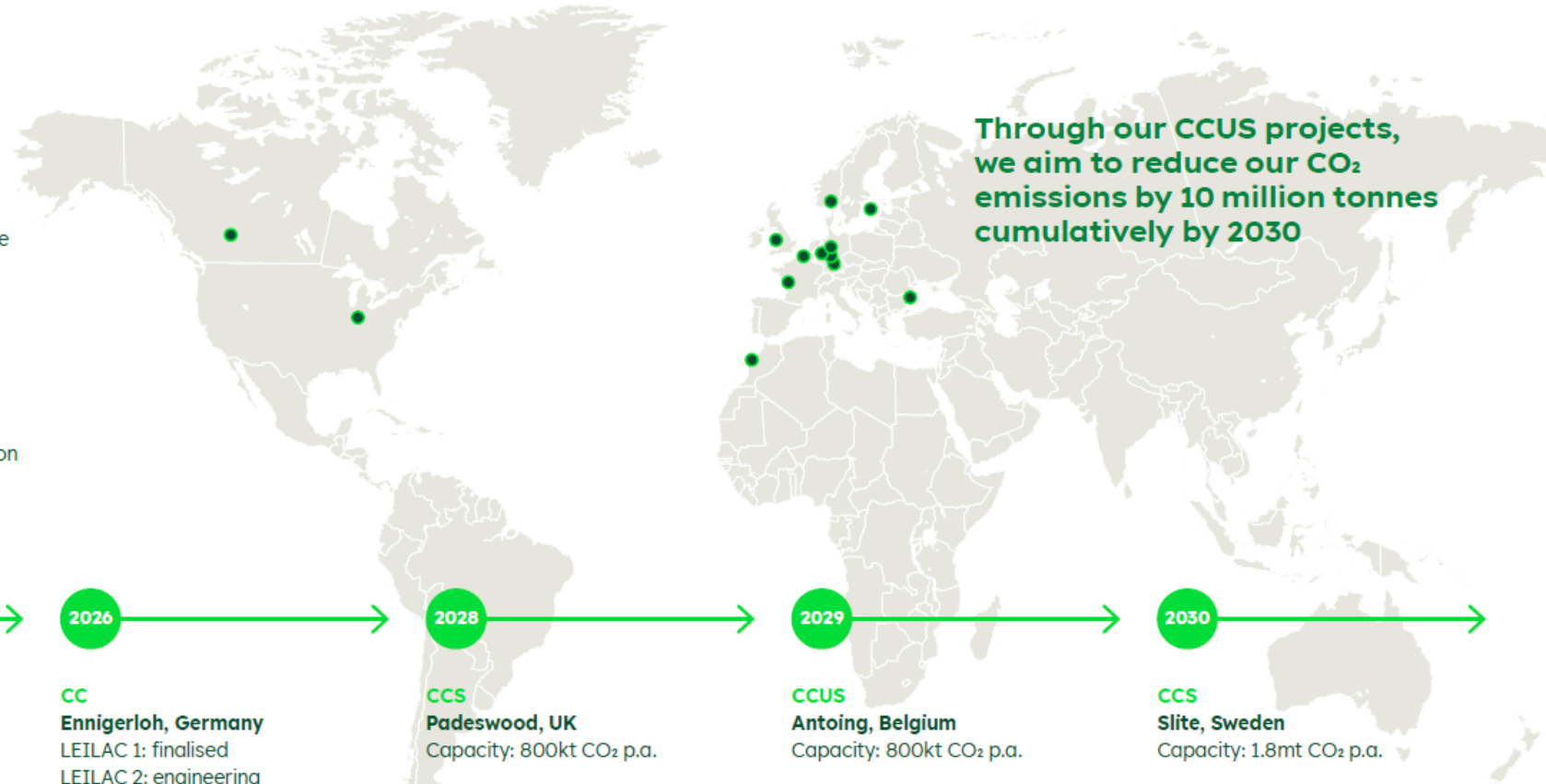
Our CCUS project portfolio

CC
Carbon capture
 Our carbon capture projects centre on capturing high-purity CO₂ from the clinker production process.

CCU
Carbon capture and utilisation
 These activities focus on the use of captured CO₂ for applications such as the production of synthetic fuels, the cultivation of microalgae, or the recarbonation of recycled concrete.

CCS
Carbon capture and storage
 Carbon capture and storage refers to storing captured CO₂ permanently and safely in suitable geological formations.

CCUS
Carbon capture, utilisation, and storage
 These projects cover the entire value chain – from capture, transport and storage to utilisation of the captured CO₂.



Through our CCUS projects, we aim to reduce our CO₂ emissions by 10 million tonnes cumulatively by 2030



CCS
Brevik, Norway
 Capacity: 400kt CO₂ p.a.

CC
Devnya, Bulgaria
 OxyCal pilot

CC
Mergelstetten, Germany
 Oxyfuel pilot

CCU
Lengfurt, Germany
 Capacity: 70kt CO₂ p.a.

CC
Ennigerloh, Germany
 LEILAC 1: finalised
 LEILAC 2: engineering
 Capacity: 100kt CO₂ p.a.

CCUS
Edmonton, Canada
 Capacity: 1mt CO₂ p.a.

CCU
Safi, Morocco
 Upscaling

CCS
Padeswood, UK
 Capacity: 800kt CO₂ p.a.

CCUS
Devnya, Bulgaria
 Capacity: 800kt CO₂ p.a.

CCUS
Antoing, Belgium
 Capacity: 800kt CO₂ p.a.

CCS
Geseke, Germany
 Capacity: 700kt CO₂ p.a.

CCS
Slite, Sweden
 Capacity: 1.8mt CO₂ p.a.

CCUS
Mitchell, Indiana, USA
 Capacity: 2mt CO₂ p.a.

CCS
Airvault, France
 Capacity: 1mt CO₂ p.a.



CCS: Brevik, Norway

World's first industrial-scale carbon capture plant in the cement industry

400,000 tonnes

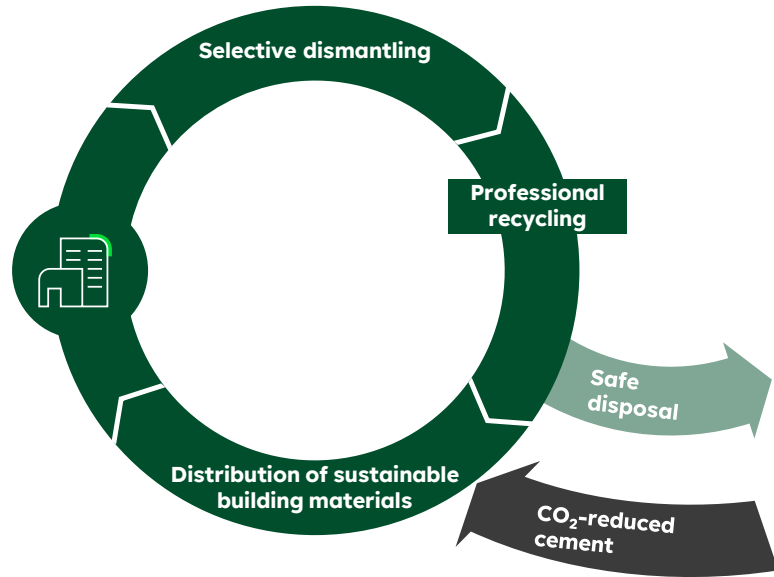
CO₂ reduction p.a. (50% of plant's total CO₂ emission)









Brevik



Circular economy: A second, full-value life for concrete



Recently completed acquisitions:

-  May 2024: B&A, United Kingdom
-  May 2024: Mick George, United Kingdom
-  Apr 2023: SEFA, USA
-  Feb 2023: SER, Germany
-  Nov 2022: RWG, Germany
-  Oct 2022: JEV Recycling, USA

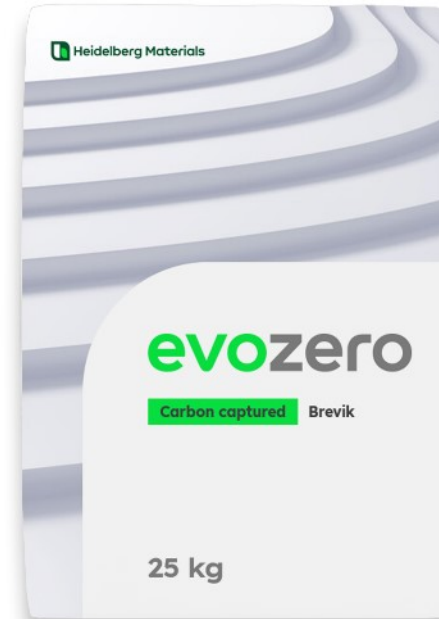


evoZero®: The world's first carbon captured net-zero cement

evozero

Applies to cement and concrete products

- Globally unique product: CCS technology, applied for the first time at a large scale in Brevik, enables net-zero carbon footprint of evoZero®
- Broadest product application combined with lowest CO₂ footprint: customers benefit from trusted product performance
- Transparent CO₂ capturing and accounting process: each tonne of captured CO₂ only accounted for once, independently reviewed by third-party verifier and secured by blockchain technology
- Innovative go-to-market approach: evoZero® will be available in two versions, depending on the customer location

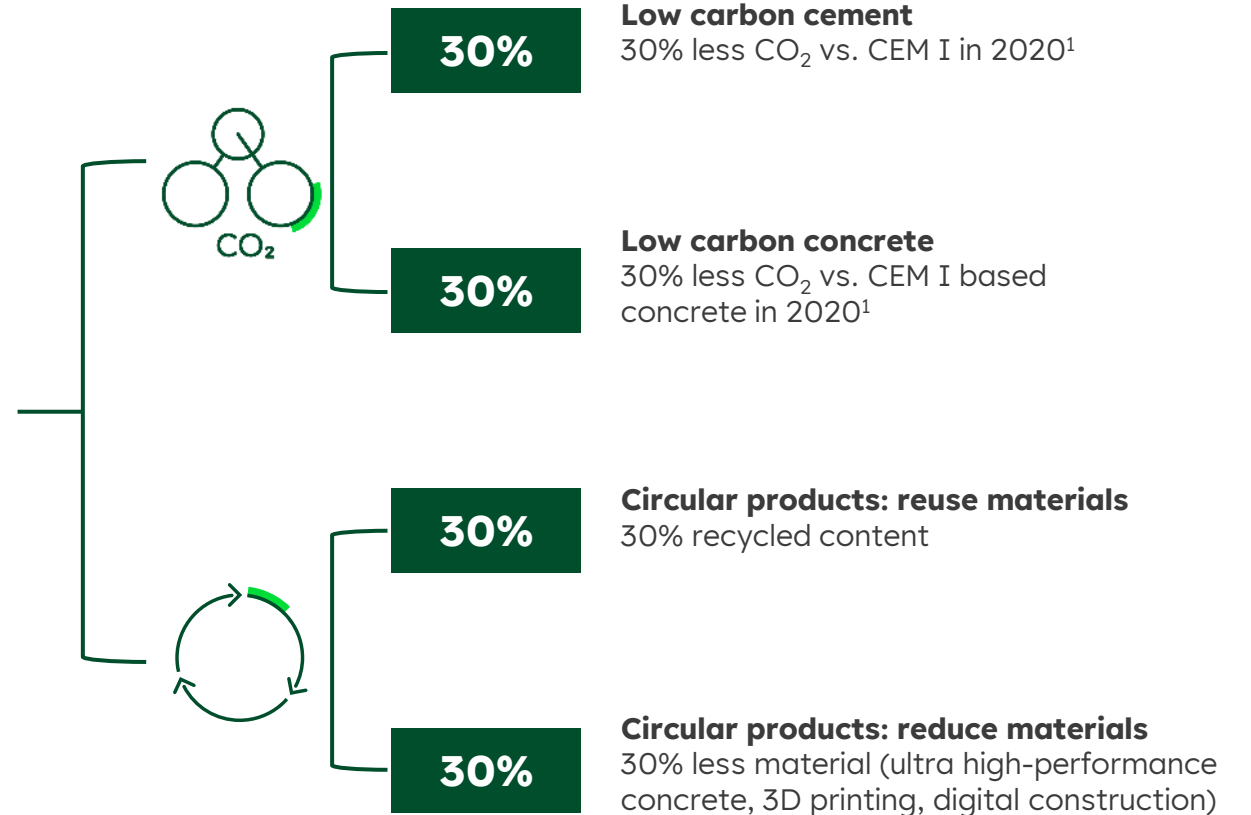


Our new global evoBuild® product range is setting a new global standard

evoBUILD

Applies to all business lines: cement, concrete, aggregates, asphalt

- Sustainability brand for low-carbon and circular products
- One global brand with one global, unified definition applicable for all products



¹ at least 30% in CO₂ reduction vs. GCCA CEM I in 2020, translates to ≤ 552 kg CO₂/t cementitious materials and ≤ 5.5 kg CO₂/m³/Mpa for ready-mixed concrete




High recognition for transparency and performance on climate change



CDP
DISCLOSURE INSIGHT ACTION

Top grade A in
CDP Climate Score

Stable A-
water score



SUSTAINALYTICS
a Morningstar company

27.4
(0 to 40+)

Corporate ESG
Performance

RATED BY
ISS ESG


Prime

C+

S&P Global

77/100

MSCI



AA



**SCIENCE
BASED
TARGETS**

For Validation: 2050
targets submitted to
Science Based Targets
initiative (SBTi)



3

Green Finance Framework



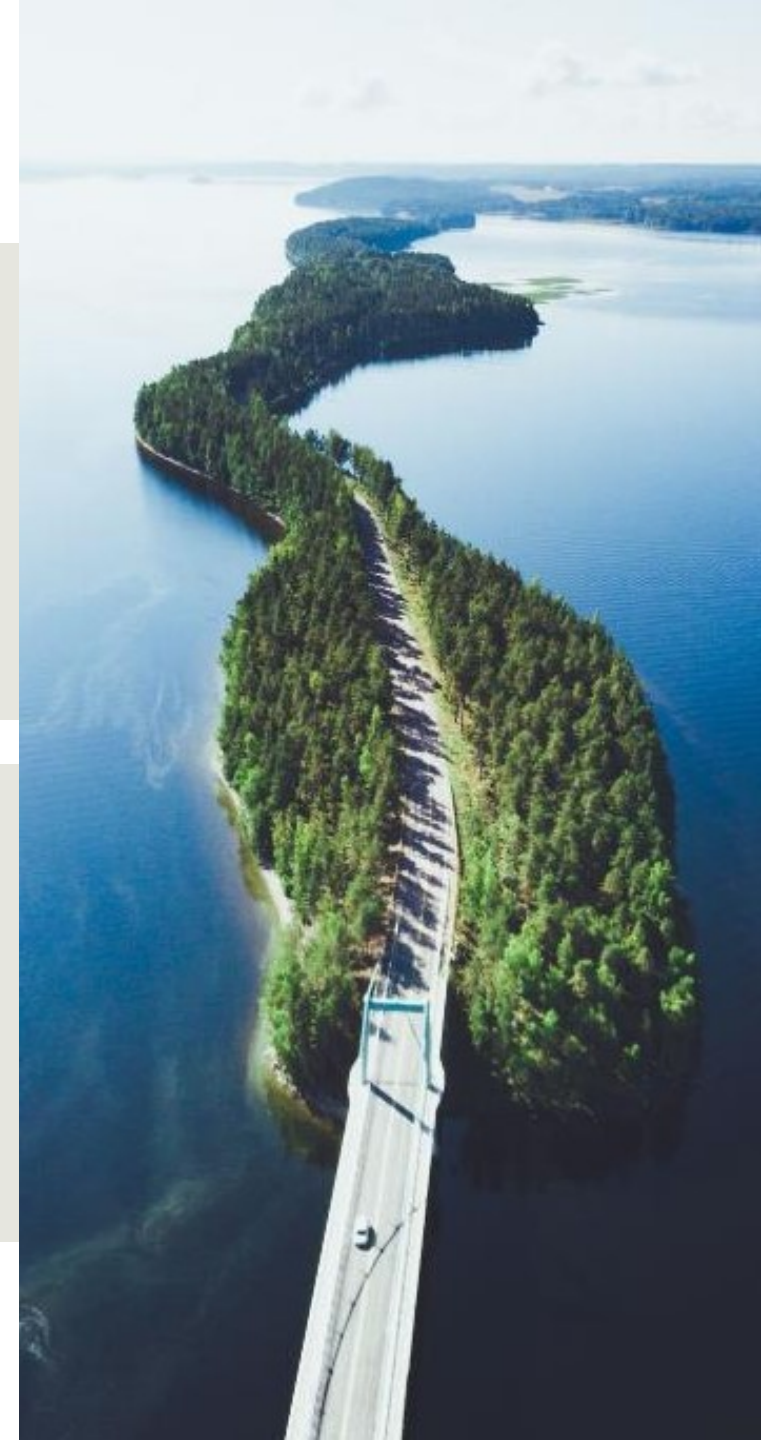
Rationale for Green Financing

Align funding needs with sustainability strategy

- Subsequent step after issuing 1.5bn EUR sustainability-linked bonds in 2023
- Additional transparency on financing of our way to a low-carbon and climate resilient economy
- Supports accountability and commitments to our environmental strategy and targets

Contribute to the development of green finance market

- channel investments to projects that demonstrate environmental benefits
- contribute to the achievement of the Paris Climate Agreement & UN Sustainable Development Goals
- broaden the dialogue & diversify investor base



More than 70 % of our total financial instruments will be sustainable by 2025

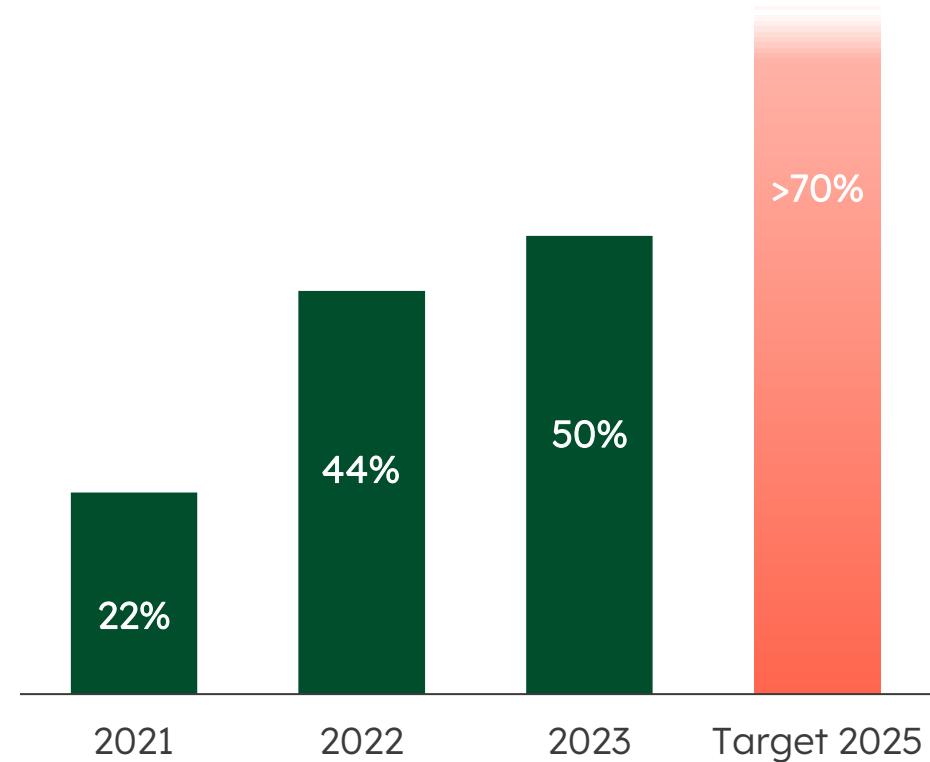
Linking financing to climate change and innovation



Heidelberg Materials' Green Instruments & Initiatives

€ 2bn Sustainability-Linked loan (RCF)	Credit margin is linked to the development of CEM CO ₂ emissions/t
KfW/EIB loans	Use of proceeds: energy efficiency and development of innovative products
€ 2bn Sustainability Target Commercial Paper Programme	Interest top-up linked to the intermediate target of CEM CO ₂ emissions/t
€ 1.5bn Sustainability-Linked bonds	Interest is linked to the development of CEM CO ₂ emissions/t Intermediate (2026) and long-term (2030) targets are included
Green Finance Framework	Use of proceeds: manufacture of cement and recycling of material

Sustainable finance instruments as % of total financial debt instruments



Green Finance Framework overview

The Framework is aligned with the best market standards and was reviewed by ISS-Corporate as Second Party Opinion provider.

Use of proceeds

Financing or refinancing of Eligible Green Projects, which meet or will meet the defined Eligibility Criteria for:

- Pollution Prevention and Control
- Circular Economy Adapted Products, Production Technologies and Processes

Process of project evaluation and selection

- Designated Green Finance Committee in place
- Oversee the allocation of proceeds and reporting
- Environmental & Sustainability risk policies in place

Management of proceeds

Net proceeds of Green Finance Instruments allocated

- within 36 months of issuance
- on portfolio or bond-by-bond basis

Reporting

- Reporting on allocation and impact of proceeds annually or until full allocation
- Verification on the allocation of proceeds (limited assurance)

”

The key sustainability objectives and the rationale for issuing Green Finance Instruments are clearly described by the Issuer. All project categories financed are in line with the Issuer's sustainability objectives.

ISS-Corporate

Second Party Opinion Provider






Green Loan Principles



Use of proceeds: Defining Eligible Green Projects

Eligible Green Projects may include the Assets, CapEx and/or OpEx associated with economic activities that

- Fulfil the relevant EU Taxonomy’s Technical Screening Criteria (“TSC”) for Substantial Contribution (“SC”) to Climate Change Mitigation and the Transition to a Circular Economy; or
- are part of a CapEx/OpEx transition plan with a deadline of maximum 10 years (in accordance with the EU Taxonomy Disclosures Delegated Act – Annex I) by which CapEx/OpEx funded by a Green Finance Instrument shall be aligned with the relevant SC criteria.

Green Bond Principles Category/ UN SGDs	Eligibility Criteria/ Green Project examples	EU Environmental Objective
<p>Pollution Prevention and Control</p>  	<p>Cement < 0.469 tCO₂/ tonne cement</p> <p>Grey cement clinker < 0.722 tCO₂/ tonne grey cement clinker</p> <ul style="list-style-type: none"> • Modernisation and efficiency measures • Replacing fossil fuels • Clinker replacement • Carbon Capture Utilisation & Storage (excluding usage of CO₂ for enhanced oil recovery) • Projects to meet the Do No Significant Harm (“DNSH”) criteria 	<ul style="list-style-type: none"> • Climate Change Mitigation (Article 10)
<p>Circular Economy Adapted Products, Production Technologies and Processes</p> 	<p>≥ 50% conversion of non-hazardous waste into secondary raw materials</p> <ul style="list-style-type: none"> • Increased recycling capabilities, e.g. waste sorting, processing and transportation or related infrastructure 	<ul style="list-style-type: none"> • Climate Change Mitigation (Article 10) • Transition to a Circular Economy (Article 13)



Process for Project Evaluation and Selection

Heidelberg Materials has established a **decision-making process** to determine the eligibility of Eligible Green Projects, following criteria outlined in the Use of Proceeds section of the framework.



Green Finance Committee

- Comprised of members from various business units (finance, legal, accounting, sustainability, etc.) within Heidelberg Materials.
- The Committee meets at least annually.
- Approval by Group CFO based on the selections made by the Committee.



Committee Main Responsibilities

- Reviewing content of Heidelberg Material's Green Finance Framework.
- Updating the framework to reflect changes in corporate strategy, technology, market regulations, and other relevant aspects.
- Evaluating and selecting Eligible Green Projects.
- Overseeing the allocation of the proceeds from the Green Finance Instruments



Steps for Evaluating and Selecting Eligible Green Projects

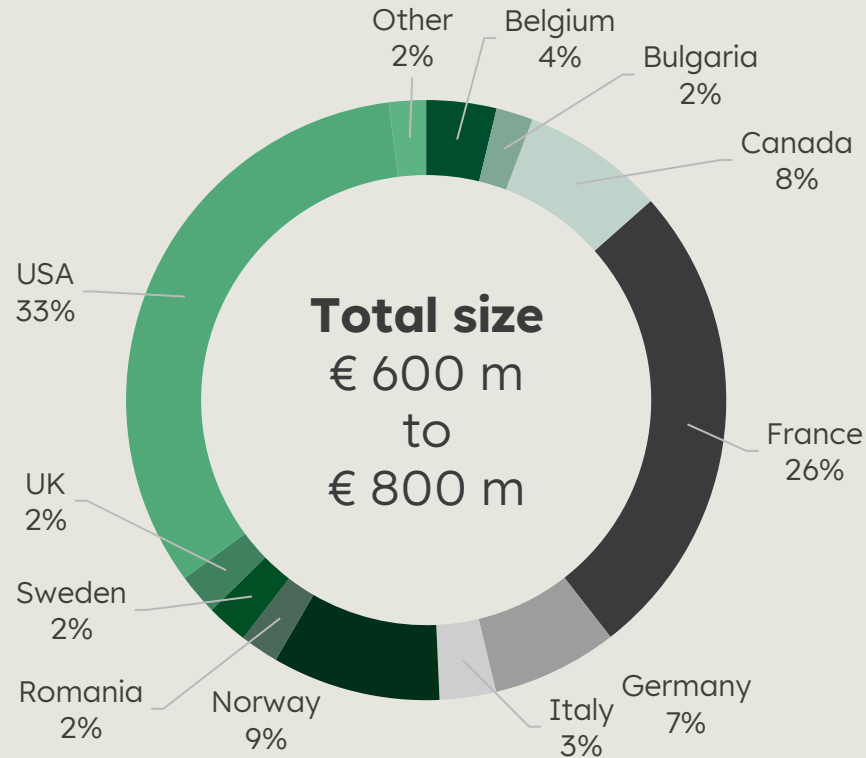
- Consider information related to Assets, CapEx, and OpEx.
- Evaluate, select and exclude projects based on framework criteria
- Decide on whether the activities are financed based on asset value or expenditure and on the allocation approach



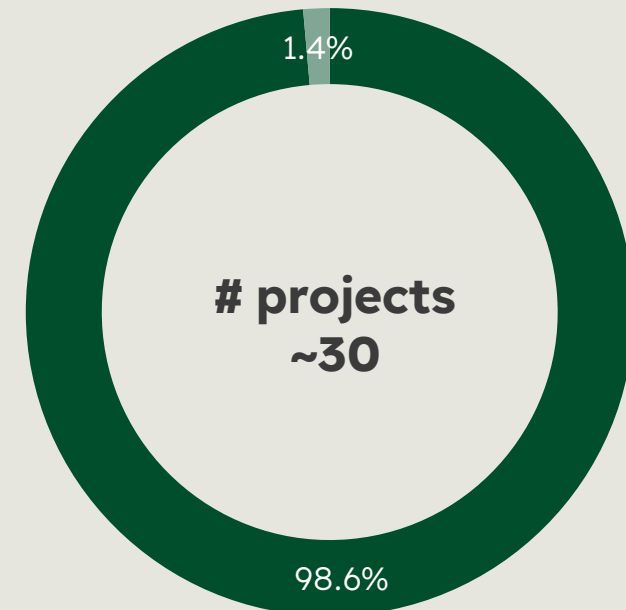
Eligible Green Projects – Indicative Overview of our Portfolio

Eligible Green Projects based on CapEx¹⁾

Geographical split in %



Eligibility criteria category split in %



- Pollution Prevention and Control
- Circular Economy Adapted Products, Production Technologies and Processes

1) The eligible green project portfolio and the respective splits are based on CapEx from financial years 2022/2023



Thank You.



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