

**Second Supplement dated November 10, 2022
to the Prospectus dated May 10, 2022
as supplemented by the First Supplement dated September 16, 2022**

*This document constitutes a supplement (the "**Second Supplement**") within the meaning of Article 23 of Regulation (EU) 2017/1129 of the European Parliament and the Council of June 14, 2017, as amended (the "**Prospectus Regulation**") to the base prospectus of HeidelbergCement AG in respect of non-equity securities within the meaning of Article 2(c) of the Prospectus Regulation ("**Non-Equity Securities**"), and (ii) the base prospectus of HeidelbergCement Finance Luxembourg S.A. in respect of Non-Equity Securities (together, the "**Medium Term Note Programme Prospectus**" or the "**Prospectus**").*

This Second Supplement is supplemental to, and should be read in conjunction with the first supplement dated September 16, 2022 (the "**First Supplement**") and the Prospectus dated May 10, 2022 (the Prospectus together with the First Supplement, the "**Supplemented Prospectus**"). The amendments in relation to the Terms and Conditions of the Notes as set out herein shall only apply to Final Terms, the date of which falls on or after the approval of this Second Supplement.

HEIDELBERGCEMENT

HEIDELBERGCEMENT AG
(incorporated in Germany)

and

HEIDELBERGCEMENT FINANCE LUXEMBOURG S.A.

(a public limited liability company (société anonyme) incorporated in the Grand Duchy of Luxembourg with registered office at 5, rue des Primeurs, L-2361 Strassen, Grand Duchy of Luxembourg and registered with the Luxembourg Register of Trade and Companies (Registre de Commerce et des Sociétés, Luxembourg) under number B40962)

(Notes (as defined below) issued by HeidelbergCement Finance Luxembourg S.A. are guaranteed by HeidelbergCement AG on the terms described in this document)

€ 10,000,000,000 Euro Medium Term Note Programme
(the "**Programme**")

HeidelbergCement AG and HeidelbergCement Finance Luxembourg S.A. have requested the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority under the Prospectus Regulation and the Luxembourg law relating to prospectuses for securities dated July 16, 2019 (*Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières et portant mise en œuvre du règlement (UE) 2017/1129*, as amended, the "**Luxembourg Law**") to provide the competent authorities in the Federal Republic of Germany ("**Germany**"), the Republic of Austria, the Republic of Ireland and the Netherlands with a certificate of approval attesting that the Second Supplement has been drawn up in accordance with the Prospectus Regulation ("**Notification**"). Each Issuer (as defined herein) may request the CSSF to provide competent authorities in additional Member States within the European Economic Area with a Notification.

This Second Supplement has been approved by the CSSF, has been filed with said authority and will be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website of the Issuer (<https://www.heidelbergcement.com/en/euro-bonds>).

HeidelbergCement AG, with its registered office in Heidelberg, Germany ("**HeidelbergCement**" or "**HC**" or "**HC AG**" or an "**Issuer**", together with its consolidated group companies, the "**HeidelbergCement Group**" or the "**HC Group**" or the "**Group**"), and HeidelbergCement Finance Luxembourg S.A., with its registered office in Strassen, Grand Duchy of Luxembourg ("**HC Finance Lux**" or "**HC Finance Luxembourg S.A.**" or an "**Issuer**" and together with HeidelbergCement the "**Issuers**") are solely responsible for the information given in this Second Supplement.

Each of the Issuers hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Second Supplement for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Terms defined or otherwise attributed meanings in the Supplemented Prospectus have the same meaning in this Second Supplement.

This Second Supplement shall only be distributed in connection with the Supplemented Prospectus, and should only be read in conjunction with the Supplemented Prospectus.

To the extent that there is any inconsistency between any statement in this Second Supplement and any other statement in or incorporated by reference into the Supplemented Prospectus, the statements in this Second Supplement will prevail.

Save as disclosed in this Second Supplement, there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Supplemented Prospectus which is capable of affecting the assessment of Notes issued under the Programme since the publication of the Supplemented Prospectus.

The Issuers have confirmed to the Dealers that the Supplemented Prospectus as supplemented by this Second Supplement contains all information which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuers and the rights attaching to the Notes which is material in the context of the Programme; that the information contained therein with respect to the Issuers and the Notes is accurate and complete in all material respects and is not misleading; that any opinions and intentions expressed therein are honestly held and based on reasonable assumptions; that there are no other facts with respect to the Issuers or the Notes, the omission of which would make the Supplemented Prospectus as supplemented by this Second Supplement as a whole or any of such information or the expression of any such opinions or intentions misleading; that the Issuers have made all reasonable enquiries to ascertain all facts material for the purposes aforesaid.

No person has been authorised to give any information which is not contained in or not consistent with the Supplemented Prospectus or this Second Supplement or any other document entered into in relation to the Programme or any information supplied by the Issuers or any other information in the public domain and, if given or made, such information must not be relied upon as having been authorized by the Issuers, the Dealers or any of them.

To the extent permitted by the laws of any relevant jurisdiction, neither the Arranger nor any Dealer nor any other person mentioned in the Supplemented Prospectus or this Second Supplement, excluding the Issuers, is responsible for the information contained in the Supplemented Prospectus or this Second Supplement or any Final Terms or any other document incorporated therein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents.

In accordance with Article 23 (2a) of the Prospectus Regulation, investors who have already agreed to purchase or subscribe for Notes before this Second Supplement was published and where the Notes had not yet been delivered to the investors at the time when the significant new factor, material mistake or material inaccuracy arose or was noted have the right, exercisable within three working days after the publication of this Second Supplement, to withdraw their acceptances. The final date of the right of withdrawal will be November 15, 2022. Investors should contact the Issuers at the address specified on the last page of this Second Supplement for the exercise of the right of withdrawal.

Replacement and supplemental information pertaining to the section RISK FACTORS

The first paragraph of the section "RISKS RELATING TO HEIDELBERGCEMENT AG AS ISSUER AND GUARANTOR – 1. Risks related to the Issuer's and Guarantor's business activities and industry – Adverse developments in the global economy and construction industry" on page 11 of the Supplemented Prospectus shall be replaced by the following:

"HC Group is exposed to the economic environment and cyclical trends in the global economy and construction industry. HC Group would be adversely affected by any prolonged contraction in economic activity in local, regional or global economies. Such contractions due to cyclical economic fluctuations, market disruption through instability or crises interrupt normal trade flows and, consequently, economic downturns and periods of prolonged instability often coincide with a decline in business activity. The increase of key interest rates by the central banks during 2022 in response to high inflation leads to a rising risk of a global recession in 2023. This could negatively impact HC Group's business and results of operations."

The headline of the section "RISKS RELATING TO HEIDELBERGCEMENT AG AS ISSUER AND GUARANTOR – 1. Risks related to the Issuer's and Guarantor's business activities and industry – Availability and cost of raw material and additives" on page 12 of the Supplemented Prospectus shall be renamed by the following:

"Availability and cost of energy, raw material and additives"

The following paragraph shall be inserted after the new headline:

"For an energy-intensive company such as HC Group, a risk results from the further cost development on the energy markets. The Russian attack on Ukraine had a significant impact on commodity prices. The sanctions against Russia in the financial and energy sector, as well as Europe's dependence on Russian energy supplies have contributed to a sharp rise in gas and oil prices during 2022 and considerably increase the cost risk for HC Group."

Supplemental and replacement information pertaining to the section HEIDELBERGCEMENT AG

The section "Selected Historical Financial Information Regarding HC Group" on page 30 of the Supplemented Prospectus shall be supplemented by the following:

"The following table sets out selected financial information related to HC Group for the interim periods January to September 2022 and 2021 derived from the unaudited consolidated financial statements of HC AG for the quarters ended September 30, 2022 and September 30, 2021, prepared in accordance with the International Financial Reporting Standards of the International Accounting Standards Board (IASB) as adopted by the EU ("IFRS") on interim financial reporting (IAS 34).

	Interim period ended September 30, 2022	Interim period ended September 30, 2021
	(in € millions) unaudited	
Revenue	15,802.0	13,996.2
Result from current operations before depreciation and amortization (RCOBD)	2,718.2	2,896.0
Result from current operations	1,782.1	1,952.9

"

The third paragraph of the section "Conditional Share Capital" on pages 33 and 34 of the Supplemented Prospectus shall be replaced by the following:

"Furthermore, the authorization to acquire treasury shares described below existed as of December 31, 2021. On May 6, 2021, the Annual General Meeting authorized HC AG to acquire treasury shares up to May 5, 2026 once or several times, in whole or in partial amounts, up to a total of 10% of the share capital at the time for any permissible purpose within the scope of the legal restrictions. The authorization may not be used for the purpose of trading in own shares. At no time may more than 10% of the respective share capital be attributable to the acquired treasury shares combined with other shares which HC AG has already acquired and still possesses. The shares may be acquired via the stock exchange or by way of a public purchase offer or by means of a public call for the submission of offers to sell or by issuing rights to sell shares to the shareholders. The own shares acquired on the basis of the authorization will be used by selling them via the stock exchange or in another suitable manner whilst ensuring the equal treatment of the shareholders or for any other purposes permitted by law. The Managing Board is authorized to cancel the acquired treasury shares without a further resolution of the General Meeting. The shares may also be cancelled without a capital reduction by adjusting the proportional amount of the remaining no-par value shares in the company's share capital. In both cases, the Managing Board is authorized to adjust the number of no-par value shares in the Articles of Association. Shareholders' subscription rights can be excluded in certain cases."

The third paragraph of the section "Shareholders" on page 34 of the Supplemented Prospectus shall be replaced by the following:

"As of the date of this Prospectus, Mr Ludwig Merckle, Ulm/Germany, holds via Spohn Cement Beteiligungen GmbH, Zossen/Germany, a subsidiary controlled by him, 27.67% of the voting rights in HeidelbergCement AG, according to a notification by Mr Ludwig Merckle of September 23, 2022 to HeidelbergCement AG pursuant to the German Securities Trading Act."

The first paragraph under the heading "Shareholdings, legal relationships and conflicts of interest" of the section "MANAGEMENT AND ADMINISTRATIVE BODIES" on page 48 of the Supplemented Prosepectus shall be replaced by the folloing:

"Mr Ludwig Merckle, Ulm/Germany, holds since September 23, 2022 via Spohn Cement Beteiligungen GmbH, Zossen/Germany, a subsidiary controlled by him, 25.08 % of the voting rights from shares (equals 48,430,405 voting rights) and rights of retransfer of shares from securities lending relating to further 2.59% of voting rights (equals 5,000,000), together 27.67% in HeidelbergCement AG, according to the notifications available to the company as of December 31, 2021 and as of the date of this Prospectus in accordance with the German Securities Trading Law (*Wertpapierhandelsgesetz*)."

The fourth paragraph under the heading "Climate change law - *Climate change laws in other countries* - Emission trading law in China" of the section "REGULATORY ENVIRONMENT" on pages 56 to 57 of the Supplemented Prospectus shall be replaced by the following:

"China's National Development and Reform Commission ("**NDRC**") has launched the implementation phase of a national carbon market for 2017 as an instrument for achieving a significant reduction in energy consumption and carbon intensity which is mentioned in the 13th Five-Year-Plan (2016-2020). This nation-wide Chinese emission trading system ("**Chinese ETS**") will replace the various regional pilot emission trading systems. Since February 2021, the Chinese ETS covers GHG emissions since 2019 of coal- and gas-fired power plants. It allocates allowances based on the plant's generation output with a different benchmark for each fuel and technology. Over time, other industrial sectors, including the cement industry (probably until 2025), will be integrated and covered by the Chinese ETS. The Chinese national carbon market will cover approximately twice of the carbon emissions covered by the EU ETS. The timetable for the integration of the cement industry and other industries into the Chinese ETS remains uncertain. The first stage of implementing nation-wide Chinese ETS lasted from July 16, 2021 to October 21, 2022. During this period, over 2,000 power plants traded 196 million tonnes in total. The second stage will start soon though no clear scheme has been implemented for the cement industry. The cement industry, as well as other key emissions industries, is only required to report annual emissions for the time being.

Measures for the Administration of Carbon Emissions Trading (Trial Implementation) came into force from February 1, 2022. The Measures further establish the legal framework for the Chinese ETS."

The paragraphs under the heading "Climate change law - *Climate change laws in other countries - Emission trading law in Australia*" of the section "REGULATORY ENVIRONMENT" on pages 57 to 58 of the Supplemented Prospectus shall be replaced by the following:

"There was a change in Australian Government following a federal election in May 2022. The new Australian Government's "Powering Australia" policy, if followed, will result in significant changes to Australia's climate change laws.

The first of the changes in line with the "Powering Australia" policy has been formally legislate Australia's emissions reduction targets ("nationally determined contribution") under the Paris Agreement. Australia's "nationally determined contribution" was revised on June 16, 2022, to target a reduction of 43% from 2005 emissions levels by 2030 and net zero by 2050. On September 14, 2022 the *Climate Change Act 2022* was passed which legislates these reduction targets and establishes reporting and planning requirements to ensure the Australian Government is accountable to meeting the targets.

The "Powering Australia" policy proposes to amend the schemes established by the Direct Action Plan, which has two components: the Emissions Reduction Fund ("**ERF**") and the Safeguard Mechanism.

The ERF is a scheme in which participants generate carbon credits known as Australian Carbon Credit Units ("**ACCUs**") through projects that result in emissions reduction or carbon abatement, with one ACCU being issued for each ton of abatement. ACCUs are purchased by the Clean Energy Regulator. To date, the ERF has purchased 217 million tonnes of abatement in fourteen reverse auctions, at an average price of A\$ 17.35 per tonne. In 2019, the ERF was rebadged as the Climate Solutions Fund ("**CSF**") as part of a A\$ 2 billion replenishment to the fund. It is not yet clear whether the new Australian Government will continue with the CSF, although the Emissions Reduction Fund scheme will continue.

The Safeguard Mechanism utilizes the existing framework under the National Greenhouse Energy and Reporting Scheme. It operates as a baseline and penalty scheme under which existing and new industrial facilities emitting more than 100,000 tonnes of GHGs have emissions baselines (based on historical emissions, which can be varied if certain criteria are met). If the baseline is exceeded the company controlling the facility's operations must purchase ACCUs to offset excess emissions. Companies that fail to avoid an excess emissions situation may be exposed to a range of discretionary, graduated enforcement options to deter non-compliance, including a final sanction in the form of a civil penalty (the maximum amount being A\$ 2.2 million). The scheme commenced on July 1, 2016. The compliance deadline for each fiscal year is February 28 (following the relevant fiscal year). It is possible that this mechanism may have cost implications for HC Group if HCs facilities trigger the threshold.

The "Powering Australia" policy proposes to amend the Safeguard Mechanism to introduce declining emissions baselines that would be reduced predictably and gradually overtime. The modelling in the "Powering Australia" policy starts from July 1, 2023. The modelling aims for an aggregate emissions baseline reduction of approximately 5 Mt per year and reaching net zero by 2050. The "Powering Australia" policy also proposes additional funding in emissions reductions technologies to assist industries with reducing their emissions, and liable entities would still be able to meet their obligations for being "above baseline" by surrendering ACCUs.

A review by independent Australian Government body the Climate Change Authority released in October 2020 concluded that the ERF is generally operating well overall and made recommendations about matters including: strengthening the demand signal for ACCUs, enhancing Government support for ERF projects and streamlining governance. The Climate Change Authority is required to review and report on the ERF every three years. Subject to any changes made by the new Government, the next review will take place in 2023.

Separate to this statutory review process, the Australian Government has appointed an independent expert panel review of the integrity of ACCUs ('ACCU Review'). The report from the ACCU Review is due by December 31, 2022. The ACCU Review may recommend substantial changes to Australia's carbon crediting system, including the methodologies under which ACCUs are able to be generated. This may have impacts on the price of ACCUs which would have follow on effects for entities that need to purchase ACCUs for compliance with the Safeguard Mechanism. Consultation is underway for amendments to the Safeguard Mechanism. A key proposed change to the Safeguard Mechanism is the creation of tradeable Safeguard Mechanism Credits ('SMC'), which would be issued to facilities that emit below their baseline. SMCs are not carbon offset credits (like ACCUs) but would only be able to be traded between facilities covered by the

Safeguard Mechanism. The policy intent is to incentivise participants with low-cost abatement options to lower their emissions and trade SMCs to facilities whose abatement options are more costly or limited. The Government has released draft legislation titled the *Safeguard Mechanism (Crediting) Amendment Bill 2022* that would give effect to this change.

As new initiatives are implemented and as new requirements are imposed to address climate change mitigation or adaptation, HC Group and its customers may be materially adversely affected."

The first paragraph under the heading "Anti-trust proceedings" of the section "LITIGATION/ADMINISTRATIVE AND GOVERNMENTAL PROCEEDINGS" on page 59 of the Supplemented Prospectus shall be replaced by the following:

"Certain subsidiaries of HeidelbergCement AG are subject to investigations and proceedings by antitrust and competition authorities in various countries, including Albania, China, Hungary, India, Romania, Tanzania and the US, which are at different stages including court proceedings. HeidelbergCement AG cannot accurately predict the outcome of pending proceedings or investigations. New fines can be imposed with respect to proceedings in Albania, China, one of the proceedings in India, Romania, Tanzania, the US and one of the two proceedings in Hungary. The further pending proceedings in India and the other Hungarian investigation are at the appeal stage. In all these cases other than the open Indian one, which cannot be further assessed at this stage, a new fine or a fine increase of more than € 20 million per case is either not possible (due to legal restrictions) or highly unlikely (based on the current knowledge of HeidelbergCement AG)."

The fifth paragraph under the heading "Litigation in Egypt and U.S. ("The Globe" case)" of the section "LITIGATION/ADMINISTRATIVE AND GOVERNMENTAL PROCEEDINGS" on page 60 of the Supplemented Prospectus shall be replaced by the following:

"This case is dismissed from the court for lack of jurisdiction and referred to Cairo Economic Court and the case was suspended. The case is resumed and still ongoing and the final outcome uncertain."

The first paragraph under the heading "Asbestos litigation in Italy" of the section "LITIGATION/ADMINISTRATIVE AND GOVERNMENTAL PROCEEDINGS" on page 62 of the Supplemented Prospectus shall be replaced by the following:

"Nuova Sacelit S.r.l., a company controlled by HC Group's subsidiary Italcementi, operated from 1946 until the early 1990s five sites for the production of asbestos cement building commodities. Currently, the company is facing ten civil claims for damages of claimants who allege that they have suffered bodily injury as a result of exposure to asbestos-containing products and one civil claim brought by INAIL (National Institute for insurance against industrial injuries) for the reimbursement of services provided to sick workers, which lead to a cumulative estimated risk of € 2.2 million (plus interest). In addition, the company is also facing 63 cases out of trial leading to a cumulative estimated risk of € 6.3 million (plus interest) including € 1.9 million as of September 30, 2022 to cover the risk of compensation of INAIL (National institute for insurance against industrial injuries)."

The paragraph under the heading "Spanish environmental case" of the section "LITIGATION/ADMINISTRATIVE AND GOVERNMENTAL PROCEEDINGS" on page 63 of the Supplemented Prospectus shall be replaced by the following:

"On May 14, 2014, further to a lawsuit initiated by a local association, the Court of Málaga issued a decision declaring null and void the Integrated Environmental Permit ("IEP") released in 2007 to Sociedad Financiera Y Minera S.A. ("FYM"), HC Group's Spanish subsidiary, to revamp the Málaga plant on the ground that the competent Regional Administration Body wrongly issued the IEP without requiring a prior Environmental Impact Assessment ("EIA"). FYM challenged the decision before the Court of Appeal and, in parallel, applied for a new permit through the performance of an EIA which was finally granted by Regional Administration on April 7, 2017. This new IEP has not been finally challenged. In addition, on October 30, 2017, the High Court of Andalusia annulled the Special Plan (urban planning instrument) that supported the facilities of the Málaga cement plant. The annulation does not entail the invalidation of the licenses obtained for the plant, but prevent FYM from obtaining new licenses. The judgment was appealed by FYM. However, in order to avoid risks and to ensure the legal standing of the Málaga plant, FYM initiated the procedure for the approval of a new Special

Plan. FYM's appeal has been finally dismissed, but the new Special Plan has successfully passed all the procedural steps and has already received the Definitive Approval by the Town Council on June 30, 2022. The Special Plan was published on the Official Gazzette on October 10, 2022 and is therefore in force."

The second paragraph under the heading "Italian environmental cases" of the section "LITIGATION/ADMINISTRATIVE AND GOVERNMENTAL PROCEEDINGS" on page 64 of the Supplemented Prospectus shall be replaced by the following:

- *"Samatzai cement plant:* In June 2019, the public prosecutor of Cagliari (Sardinia) opened criminal investigations into the Samatzai cement plant of Italcementi on suspicion of environmental crimes. On April 2, 2021, Italcementi received the notice of conclusion of the preliminary investigations relating to the criminal proceedings before the Cagliari Public Prosecutor's Office. The company is under investigation pursuant to Legislative Decree 231/2001 for administrative offenses resulting from the perpetration of unauthorized landfills, intentional environmental pollution and intentional environmental disaster by five persons under investigation. On October 7, 2021 Italcementi S.p.a. received notification of the setting of the preliminary hearing for February 22, 2022 before the Court of Cagliari. A resident of Samatzai, the Municipality of Samatzai and the Autonomous Region of Sardinia are named as offended parties. At the hearing on July 8, 2022, the Municipalities of Samatzai and Nuraminis, the association Group of legal intervention and eleven natural persons appeared as civil parties. Permission was requested to subpoena Italcementi as a civilly liable party. The Judge set the hearings on September 23, 2022, only for the dissolution of the reservation on the right of action of civilly liable persons, and November 11, 2022, for the discussion of the constitutions of the civil parties. In October 2022, Italcementi S.p.a. was notified by the civil parties of the decision of the Judge of the Preliminary Hearing which authorized to summon Italcementi S.p.a. as civil liable and invited the company to appear in court for the hearing on November 11, 2022. Notwithstanding the continuing activity, Italcementi cannot fully exclude that the outcome of the criminal trial leads to material effects (restoration costs, corporate criminal liability sanctions and claims for damages) which might have a material adverse impact on HC Group's financial condition and results of operations."

The first paragraph of the section "OUTLOOK – Assumptions underlying HC Group's outlook" on page 65 of the Supplemented Prospectus shall be replaced by the following:

"HeidelbergCement's business is subject to a multitude of external influencing factors that are beyond its control. These include geopolitical, macroeconomic, regulatory, and weather-related factors. This outlook is based on the assumption that the global economic environment will not undergo any critical unforeseen changes during the outlook period. The Russian war of aggression against Ukraine and the sanctions imposed in response have put the global economy under considerable strain. The consequences include persistently high prices for energy and raw materials, exacerbated disruption of global value chains, and a significant rise in inflation. This situation is developing very dynamically. Therefore, forecasts of further developments are subject to considerable uncertainty. With respect to COVID-19, this outlook is based on the assumption that the coronavirus pandemic will become endemic due to vaccination progress, that the economic impact of the waves of the pandemic will gradually decrease and that there will be no drastic restrictions on the economy due to further mutations of the virus. In addition, this outlook does not take into account the ongoing international tensions between the USA and China, or the political and religious conflicts in the Middle East, or South-East Asia."

The paragraphs under the heading "OUTLOOK – General economic development" on pages 65 to 66 of the Supplemented Prospectus shall be replaced by the following:

"In its October 2022 forecast, the International Monetary Fund (IMF) expected global economic output to increase by 3.2% in 2022 which compares to an estimated growth of 6.1% in the previous year. The global economic consequences from the Russia-Ukraine war are very serious and will contribute to a significant slowdown in global growth in 2022, play a central role for international trade and add to inflation. Energy and commodity prices have risen significantly in a very short time and are adding to the inflationary pressure created by supply chain problems and the consequences of the pandemic. The international sanctions against Russia and price shocks also have a significant impact on the global economy and financial markets. High inflation caused tighter monetary policies in many major economies worldwide including the United States and

European Union. Many emerging and developing economies experience a cost-of-living crisis with pressure from the sharp appreciation of the U.S. dollar adding to domestic price pressures. In China, the slowdown of economic activity is driven by COVID-19 outbreaks and lockdowns. Various other factors will determine the dimension of the growth of national economies, such as access to vaccines and the effectiveness of political measures against the pandemic.

In its 2022 forecast, the IMF expects the following growth rates for HeidelbergCement's most important sales markets:

Expected growth in real GDP ¹⁾			
in %	2022	in %	2022
Western and Southern Europe		North America	
Eurozone	+3.1	Canada	+3.3
Germany	+1.5	USA	+1.6
France	+2.5	Asia-Pacific	
Italy	+3.2	Australia	+3.8
United Kingdom	+3.6	China	+3.2
Northern and Eastern Europe-Central Asia		India	+6.8
		Indonesia	+5.3
Czechia	+1.9	Africa-Eastern Mediterranean Basin	
Norway	+3.6	Egypt	+6.6
Poland	+3.8	Ghana	+3.6
Russia	-3.4	Morocco	+0.8
Sweden	+2.6	Tanzania	+4.5
		Togo	+5.4
1) Source: International Monetary Fund (IMF), October 2022 forecast			

For the financial year 2022, HeidelbergCement sees energy prices being significantly influenced by the Russia-Ukraine war and related sanctions, but also by China's coal import and price policy and OPEC's oil production policy.

Since September 2021, energy prices for electricity, natural gas, coal, petroleum coke and oil have risen massively. This trend has intensified since the end of February with the start of the Russia-Ukraine war. Based on HeidelbergCement's current contract portfolio, expected price volatility and a mix of forward market and spot purchases, the company expects energy prices to rise sharply for the full year 2022 - for electricity in Europe, globally for diesel and coal in all Group areas. Due to the strong increase in electricity prices in Europe, the Group areas Western and Southern Europe as well as Northern and Eastern Europe-Central Asia will be particularly affected by the cost increases based on the current market situation. The most recent softening of power and gas prices in Europe will only affect remaining open volumes for the fourth quarter of 2022 and hence have limited softening effect for 2022."

The third paragraph under the heading "OUTLOOK – Development of the construction industry" on page 66 of the Supplemented Prospectus shall be replaced by the following:

"According to the fall forecast of the American cement association PCA, a slight decrease in construction activity is expected in the USA for 2022 as a result of a noticeable decline in non-residential construction."

The paragraphs under the heading "OUTLOOK – Industry development" on page 67 of the Supplemented Prospectus shall be replaced by the following:

"The European Commission has adopted its position on the revision of the EU Emissions Trading System (EU ETS) for the fourth trading period from 2021 to 2030 within the "Fit for 55" programme. The original cross-sectoral reduction target for 2030 within the EU ETS will thus be raised from 43% improvement compared with 2005 to at least 61%. The existing benchmarks will apply to the first half of the fourth trading period. For the years from 2026 onwards, changes are anticipated that will lead to a further significant shortage of CO₂ certificates in general and of free allocations in particular.

In addition, a Carbon Border Adjustment Mechanism (CBAM) has been announced, which is expected to be gradually implemented from 2026 onwards and will impact the cement industry, among others. The CBAM shall be fully implemented between 2032 and 2035 while the level of free allowances shall be reduced each year. At the same time, a CO₂ import fee on cement imports mirroring the CO₂ price faced by EU producers will apply.

The proposal of the European Commission concerning the revision of the EU ETS as well as the introduction of CBAM are currently being negotiated between the European Parliament and Council. The final rules are expected to apply as of January 2024 at the latest.

Due to the announced measures within the EU ETS, a steeper reduction in the allocation of CO₂ emission rights is to be expected within the fourth trading period. Prices for emission rights have already risen sharply from 2020 up to 2022. However, given the geopolitical developments and the global energy crisis, CO₂ prices have been volatile but remain on a high level. So far, HeidelbergCement has had a sufficient number of emission rights across the Group. Few of its national organisations experience some shortages of emission rights, which are covered by intra-Group trading."

ADDRESSES

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