



**RULES OF PROCEDURE**  
**for the Supervisory Board**  
**of Heidelberg Materials AG**

*Status: 23 March 2022*

**1 Fundamentals**

The Supervisory Board shall conduct its business in accordance with statutory regulations, the Articles of Association, the provisions of these Rules of Procedure as well as - subject to the exceptions as disclosed respectively – in accordance with the German Corporate Governance Code.

**2 Elections**

(1) As a rule, only persons who are not older than 70 years shall be proposed for election as members of the Supervisory Board. The election proposal shall take into account the standard limit of tenure in the Supervisory Board of twelve years.

(2) Following the Annual General Meeting in which all of the Supervisory Board members to be elected by the Annual General Meeting have been newly elected, a constituent Supervisory Board meeting shall be held for which no special convocation shall be required. At this meeting, the Supervisory Board shall elect a chairperson and a deputy chairperson from among its members to serve for the duration of the term of the Board, as well as the Supervisory Board member who shall preside over the Annual General Meeting pursuant to section 18 para. 1 of the Articles of Association if the Supervisory Board Chairperson is prevented from doing so.

(3) Immediately after the election pursuant to section 2 sentence 2, the Supervisory Board shall form the Mediation Committee (section 9), the Personnel Committee (section 10), the Audit Committee (section 11), the Sustainability and Innovation Committee (section 12) and the Nomination Committee (section 13).

(4) If the Chairperson, his/her Deputy, or the Supervisory Board member responsible pursuant to section 18 para. 1 of the Articles of Association for presiding over the Annual General Meeting when the Chairperson is prevented from doing so, should leave office before the end of his/her term, then the Supervisory Board shall immediately conduct a new election. The same shall be applicable in the event of an early departure by a member of the committee.

## 3 Meetings

(1) The Supervisory Board must convene twice in every half calendar year. Otherwise, it shall be convoked as needed.

(2) The meetings of the Supervisory Board shall be convoked by the Chairperson of the Supervisory Board by written invitation with two weeks' notice or by means of telex or electronic media, notwithstanding section 110 para. 2 of the Stock Corporation Act (*Aktiengesetz, AktG*). In counting the length of the notice period, the invitation mailing date and the meeting date shall not be included. In cases of urgency, the Supervisory Board Chairperson may shorten the period and make the invitation by telephone.

(3) The invitation shall state the individual items on the agenda.

(4) The Supervisory Board meetings shall be led by the Supervisory Board Chairperson, or by his/her Deputy in case he is prevented from doing so. The leader of the meeting shall determine the sequence of items to be discussed and the form of voting. Resolutions may be voted on concerning an item not included in the agenda only if all of the attending members of the Supervisory Board consent to such action. The resolution shall become effective as long as none of the absent members raises an objection to the passing of the resolution within the space of a week of receipt of the decision protocol.

(5) The members of the Managing Board shall participate in the meetings of the Supervisory Board to the extent that the Chairperson of the Supervisory Board does not order otherwise. The Supervisory Board shall meet regularly even without the Managing Board. If the statutory auditor attends a meeting of the Supervisory Board, the Managing Board shall, in deviation from sentence 1, not attend this meeting unless the Supervisory Board deems its attendance necessary.

## 4 Passing of Resolutions

(1) The Supervisory Board shall adopt its resolutions in meetings at which personal attendance is required. It shall however be permissible for the individual members or the Supervisory Board to participate in the meetings by way of video transmission or by telephone or for meetings of the Supervisory Board to be held in the form of a video or telephone conference and, in these cases, for the adoption of resolutions or voting to also take place by means of video transmission or by telephone or video/telephone conference. The right to object pursuant to section 108 para. 4 German Stock Corporation Act is excluded.

(2) Absent Supervisory Board members may participate in the passing of resolutions by the Supervisory Board by having written votes submitted through other Supervisory Board members or, upon approval of the Chairperson, subsequently to the meeting submitted to him in writing.

(3) The passing of resolutions outside meetings shall be permitted through the submission of votes in written form, by telephone or by means of telex or other electronic media communicating the casting of votes if the Chairperson calls for such. The right to make an objection acc. to section 108 para. 4 of the Stock Cooperation Act (*Aktiengesetz, AktG*) does not apply.

(4) A quorum of the Supervisory Board shall be deemed constituted if at least half of the total number of members, which the Board is required to have, participate in the passing of the resolution.

(5) Resolutions of the Supervisory Board shall require a majority of the votes cast unless otherwise provided by law. If a tie occurs in a poll of the Supervisory Board, then, in a second poll on the same item, if the tie continues to hold, the Chairperson shall have two votes. The casting of the second vote shall be done in application of section 2. The Deputy Chairperson shall not be entitled to cast the second vote.

(6) If some of the Supervisory Board members are not present during the passing of a resolution and if the absent Supervisory Board members do not submit written votes, then the passing of the resolution may be postponed at the request of at least two of the Supervisory Board members in attendance. In the event of a postponement, then the renewed voting on the resolution shall be carried out at the next scheduled meeting, unless a special Supervisory Board meeting is convoked. A minority request for postponement shall not be allowed during the renewed voting on the resolution.

(7) If the Supervisory Board Chairperson attends the meeting or if one of the Supervisory Board members in attendance is holding a written vote, then section 6 shall not be applicable if an equal number of shareholder and employee representatives are present in person or participate in the passing of a resolution by written vote, or if any inequality that may exist is removed by the fact that one or more individual Supervisory Board members refrain from participating in the passing of the resolution.

(8) The Chairperson of the Supervisory Board executes the Supervisory Board's declarations of intent, in particular in order to execute the resolutions taken by the Supervisory Board or its committees.

### **5 Minutes**

Minutes of the meetings and resolutions of the Supervisory Board and its committees shall be prepared, and shall be signed by the Chairperson of the meeting and by the recorder of the minutes. The minutes to be prepared concerning resolutions passed outside meetings shall be signed by the Chairperson. The minutes are to be sent to the Supervisory Board, namely the committee members.

### **6 Self-assessment of the Supervisory Board's activities**

The supervisory board shall regularly assess how effectively the Supervisory Board as a whole and its committees perform their duties. The subject of the assessment shall be, in particular, the procedures in the Supervisory Board and the flow of information between the committees and the plenum as well as the timely and sufficient provision of information to the supervisory board and its committees.

### **7 Sustainability**

The Supervisory Board shall regularly address the issues of environmental, social and governance (ESG). The Managing Board shall report to the Supervisory Board at least once a year on the Group-wide sustainability strategy and the status of the implementation of this strategy.

## 8 Committees

(1) The Supervisory Board shall have the following committees:

- Mediation Committee (section 9)
- Personnel Committee (section 10)
- Audit Committee (section 11)
- Sustainability and Innovation Committee (section 12)
- Nomination Committee (section 13)

(2) The Supervisory Board can form further committees and determine its activities and powers. Decision-making powers of the Supervisory Board can be transferred to the committees to that extent that this is permitted by law.

(3) The provisions of the Rules of Procedure in respect of the convening and the passing of resolutions of the Supervisory Board applies to the committees in equal measure to the extent that these Rules of Procedure contain no provisions to the contrary.

## 9 Mediation Committee

(1) The Mediation Committee shall comprise four members. It shall consist of the Chairperson of the Supervisory Board, his/her Deputy as well as one further elected representative from each of the shareholders and the employees of the Supervisory Board. The Chairperson of the Mediation Committee is elected by the Supervisory Board; in case of being prevented from doing so himself, he shall determine another member to chair the meeting.

(2) It is the responsibility of the Mediation Committee pursuant to section 27 para. 3 and section 31 para. 3 of the Co-determination Law to make a proposal to the Supervisory Board for the appointment or revocation of the appointment of members of the Managing Board if the necessary two-thirds majority in the first instance has not been achieved.

(3) The Committee is only capable of making decisions, if all members are present. It shall decide by simple majority.

## 10 Personnel Committee

(1) The Personnel Committee shall comprise eight members. It shall consist of the Chairperson of the Supervisory Board, his/her Deputy as well as three further elected representatives from each of the shareholders and the employees of the Supervisory Board. The Chairperson of the Personnel Committee is elected by the Supervisory Board; in case of being prevented from doing so himself, he shall determine another member to chair the meeting.

(2) The Personnel Committee shall have the following responsibilities:

- (a) It shall prepare the decision of the Supervisory Board as to the appointment, the revocation of appointment, or the extension of the terms, of the members of the Managing Board. The Personnel Committee shall also pay attention to diversity in the composition of the Managing Board and compliance with the standard age limit of 65 years for members of the Managing Board.
- (b) It shall prepare the election of the Chairperson of the Managing Board.
- (c) It shall decide, following the provisions of law, upon matters concerning the Managing Board members' contracts.
- (d) It shall prepare the decision of the Supervisory Board relating to the terms of remuneration for members of the Managing Board as well as relating to conditions and arrangements of share options plans or similar remuneration components for members of the Managing Board.
- (e) It, together with the members of the Managing Board and the Supervisory Board, shall decide on the business of the Company requiring mandatory approval.
- (f) It shall handle subjects assigned to it by the Supervisory Board in individual cases.

(3) The Personnel Committee shall convene as necessary.

(4) The Personnel Committee is capable of making decisions if at least three of its members are present. Resolutions require the majority of the votes to be cast. In the case of tied voting, the subject of the decision shall be submitted for a decision to the plenary session of the Supervisory Board.

(5) The Chairperson of the Committee shall report in each case in the following meeting of the Supervisory Board on the debates, proposals and decisions of the Committee.

(6) To the extent that the Chairperson of the Committee does not order otherwise, the Chairperson of the Managing Board shall participate in Committee meetings.

### **11 Audit Committee**

(1) The Audit Committee shall comprise eight members. It shall consist of the Chairperson of the Supervisory Board, three further shareholder representatives as well as four employee representatives. At least one member of the Audit Committee shall have expertise in the field of accounting and at least one other member shall have expertise in the field of auditing. The members, the Chairperson of the Committee and his/her Deputy shall be elected by the Supervisory Board. If the Chairperson of the Audit Committee is unable to attend, his/her deputy shall chair the meeting. The members in their entirety shall be familiar with the sector in which the Company is active.

(2) The Audit Committee shall have the following responsibilities:

- (a) It shall prepare the decision of the Supervisory Board in respect of determination of the annual accounts and approval of the group accounts. To this end the Audit Committee is

responsible for the preliminary examination of the annual accounts and the group accounts, the statement of affairs and the group statement of affairs as well as the proposal for appropriation of net income. It shall discuss the auditor's report with the statutory auditor.

- (b) It shall deal regularly with the audit of the accounting as well as with the monitoring and assessment of:
- the financial reporting process, whereby it can submit recommendations and suggestions for the improvement of the accounting records and for the integrity of the process;
  - the efficiency of the internal controlling system, the internal risk management system, the internal audit system and the compliance management program; and
  - the statutory audit, in particular it shall deal with the independency of the statutory auditor, the additional services rendered by the statutory auditor and the quality of the statutory audit.
- (c) It shall prepare the proposal of the Supervisory Board at the shareholders' meeting for the appointment of the statutory auditor by appropriate recommendation. This recommendation may eventually be preceded by the selection and proposal procedure set out in Art. 16 Para. 3 of the Regulation (EU) No. 537/2014, for which the Audit Committee is responsible (forced rotation of the statutory auditor). The Audit Committee shall carry out this selection procedure on the basis of transparent and non-discriminatory selection criteria, during which it may seek support from the Company and eventually from external consultants.
- (d) Prior to submitting the Supervisory Board's proposal for the election of the statutory auditor to the Annual General Meeting, it shall examine the special aptitude and qualification of the statutory auditor as well as his independence. To this end, prior to submitting the election proposal, the Audit Committee shall obtain in particular a declaration of the designated statutory auditor whether and in the affirmative which business, financial, personal or other relations do exist between the statutory auditor and his corporate bodies and head auditors on one hand and the Company and its corporate bodies on the other hand, that might give reasons to doubt his independence.
- (e) It shall grant the auditing instructions, determine the auditing points of main emphasis and reach an inclusive fee agreement as to the pertinent framework agreement with the statutory auditor.
- (f) It shall decide on appropriate measures, if during the review reasons for a possible disqualification of the statutory auditor or a conflict of interest on his part arise.
- (g) It shall discuss with the Managing Board the half-year and possible quarterly financial reports prior to publication.
- (h) After having duly assessed threats to the independence and the safeguards applied in accordance with Article 22b of Directive 2006/43/EF, it shall decide from the business year 2017 onwards, in general or on a case-by-case basis, on the pre-approval of legally permissible non-audit services to be rendered by the statutory auditor (pre-approval process). In this context, it can issue guidelines for the pre-approval of certain legally permissible non-audit services. Latest from the business year 2020 onwards, it shall ensure that the total fees of the

statutory auditor for non-audit services in one year do not exceed 70 % of the total average statutory audit fees of the last three consecutive business years (cap), whereas non-audit services required under EU or national laws are excluded from the cap. When reviewing the statutory auditor's independence, and the compliance with the guidelines for the pre-approval process, the Audit Committee may seek support from the Company through a group-wide or Europe-wide monitoring system for the awarding of non-audit services.

- (i) Insofar as the Supervisory Board is responsible for deciding on measures under the Market Abuse Regulation (Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC), the Audit Committee shall decide on such measures instead of the Supervisory Board.
- (j) It shall in individual cases deal further with subjects assigned to it by the Supervisory Board.

The mandatory statutory requirement of all Supervisory Board members to audit remains hereby unaffected.

(3) The Auditing Committee meets regularly before the annual accounts meeting of the Supervisory Board in Spring as well as before the granting of the auditing instructions and otherwise as necessary.

(4) The Auditing Committee shall constitute a quorum if at least three of its members are present. Resolutions require the majority of the votes to be cast. In the case of tied voting, the subject of the decision shall be submitted for a decision to the plenary session of the Supervisory Board.

(5) The Chairperson of the Committee shall report in each case in the following meeting of the Supervisory Board on the debates, proposals and decisions of the Committee.

(6) Unless the Chairperson of the committee orders otherwise and subject to the following section 7, the Chairperson of the Managing Board and the Chief Financial Officer shall attend the meetings of the committee.

(7) The statutory auditor shall take part in the meetings insofar as the annual financial statements and the risk management system are dealt with in them, otherwise insofar as the Chairperson of the Audit Committee deems this necessary. In such cases, notwithstanding section 6, members of the Managing Board shall not participate in this meeting unless the Audit Committee deems their participation necessary.

(8) Each member of the Audit Committee may, through the Chairperson of the Audit Committee, obtain information directly from the heads of those corporate functions which are responsible for the tasks concerning the Audit Committee in accordance with these Rules of Procedure.

## 12 Sustainability and Innovation Committee

(1) The Sustainability and Innovation Committee shall comprise six members. It shall consist of three shareholder representatives and three employee representatives. The members and the Chairperson of

the Committee is elected by the Supervisory Board. If the Chairperson of the Committee is prevented from attending, the Chairperson shall determine another member to chair the meeting.

(2) The Sustainability and Innovation Committee shall have the following responsibilities:

- a) It shall advise the Managing Board on all areas of sustainability, in particular in connection with the reduction of the Company's carbon footprint, and resulting innovation topics and growth opportunities. It shall also continuously monitor the progress of the company towards its sustainability goals.
- b) It shall advise the Managing Board on Heidelberg Materials' digital transformation and resulting new business opportunities, and continuously monitors the Group's progress towards its digitalisation goals.
- c) The Committee also deals with employee-related topics that promote a growth and innovation mentality among the workforce, such as engagement, competences, ways of working of the future, and cultural change.
- d) In addition, the Committee shall advise the Supervisory Board and the Managing Board on all other environmental/sustainability, social and governance (ESG) issues.

(3) The Sustainability and Innovation Committee regularly (at least once a year) receives reports from the Managing Board on Heidelberg Materials' Group-wide sustainability and innovation strategy and the status of the implementation of this strategy.

(4) The Sustainability and Innovation Committee shall meet as required, but at least once a year.

(5) The Sustainability and Innovation Committee shall constitute a quorum if at least three of its members are present. Resolutions require a majority of the votes cast.

(6) The Chairperson of the Committee shall report in each case in the following meeting of the Supervisory Board on the debates, proposals and decisions of the Committee.

(7) At the request of the Chairperson of the Committee, the Chairperson of the Managing Board and other members of the Managing Board responsible for the individual items on the agenda shall attend the Committee meetings.

### **13 Nomination Committee**

(1) The Nomination Committee shall comprise three members. It shall consist of the Chairperson of the Supervisory Board and two further shareholder representatives to be elected by the Supervisory Board. The Chairperson of the Committee is elected by the Supervisory Board. If the Chairperson of the Committee is prevented from attending, the Chairperson shall determine another member to chair the meeting.

(2) The Nomination Committee shall have the duty, to propose suitable candidates to the Supervisory Board for recommendation to the General Meeting.

(3) The Nomination Committee shall convene as necessary.



(4) The Nomination Committee is capable of making decisions if at least two of its members are present. Resolutions require the majority of the votes to be cast.

(5) The Chairperson of the Committee shall present the proposals of candidates, including the reasons, to the Supervisory Board.

#### **14 Duties as to Due Care and Confidentiality**

(1) The due diligence and confidentiality obligations as well as the accountability of members of the Supervisory Board and its committees shall be governed by section 116 and section 93 of the Stock Corporation Act. The members shall be subject to the regulations prohibiting insider trading pursuant to the Securities Exchange Act (*Wertpapierhandelsgesetz, WpHG*).

(2) The audit reports of the auditors shall be distributed to every member of the Supervisory Board. They shall be returned to the Chairperson of the Managing Board immediately following the meeting of the Supervisory Board in which the annual accounts are approved.

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