

Dear Shareholders,

On behalf of the Supervisory Board of Heidelberg Materials, I express our gratitude for your sustained interest in our company.

Through continuous and constructive dialogue with you, our valued shareholders, the Supervisory Board has diligently fulfilled the responsibilities and obligations entrusted to us as your representatives of your interests. As advisors to the Managing Board, we offer our expertise in various areas that will have an impact on the future direction of Heidelberg Materials.

In preparation for our virtual Annual General Meeting on May 15, 2025, I would like to provide you with an overview of the key topics discussed with the Managing Board and the significant strategic initiatives we started.



### **The role of the Supervisory Board**

In the financial year 2024, the Supervisory Board continued to closely monitor and support the Group's development and discuss it with the Managing Board at meetings of the plenary session and its committees as well as in additional scheduled meetings. It also received regular, timely, and comprehensive reports about all matters of relevance for the Group, particularly in relation to business policy, strategy and planning, the progress of businesses, the financial situation, the risk situation and risk management, compliance, innovation, and sustainability. The Supervisory Board reviewed, discussed, and analysed the Managing Board's reports in detail. Both worked together in a spirit of mutual trust for the benefit of the Group and maintained an open and intensive dialogue.

Additionally, the Supervisory Board has ensured that the Managing Board has set up an internal control and risk management system that fits the Group's business activities and risk profile. There's also a working monitoring system in place that can spot any developments early on that might threaten the company's survival. Moreover, the Supervisory Board has checked the effectiveness of the compliance management system, which ensures that laws, regulations, and internal guidelines are followed throughout the Group.

In summary, the Supervisory Board has again duly and diligently fulfilled the duties incumbent upon it under the law, the Articles of Association, the Rules of Procedure, and the German Corporate Governance Code (with the exception of any declared deviations) in the 2024 financial year.

The auditor issued an unqualified audit opinion on the annual financial statements of Heidelberg Materials AG and the consolidated financial statements as of 31 December 2024 as well as on the combined management report of Heidelberg Materials AG and the Group.

### **Shareholder return**

At Heidelberg Materials, we are convinced that a balanced capital allocation is beneficial to all shareholders. The combination of a progressive dividend policy and share buyback programmes allow you to participate in the success of our business activity and strategy. In addition, the company follows a disciplined approach in terms of future value creation via M&A. That will ensure to generate future cash flows and sustainable returns.

Continuing with our progressive dividend policy, the Managing Board and Supervisory Board will propose to the Annual General Meeting the distribution of a dividend of €3.30 per share for the 2024 financial year. Subject to

the approval by you, our shareholders, this corresponds to an increase of €0.30 per share or 10% compared to the previous year's dividend of €3.00 per share.

In May 2024, Heidelberg Materials started its second share buyback programme with a total volume of up to €1.2 billion, an increase of 20% compared to the first programme, and a term running until the end of 2026. It is envisaged that the share buyback will be carried out in three tranches. Within the scope of the first tranche, a total of around 3.6 million own shares were acquired on the stock exchange between 23 May and 25 November 2024 at a total price of around €350 million. The shares acquired as part of the first tranche were cancelled. The second tranche is scheduled to start in the second quarter 2025 following the Annual General Meeting of Heidelberg Materials.

In conjunction with the share buyback programme, the significant increase in the dividend underlines the company's strong focus on shareholder return and the financial ability to do so.

#### **Topics of discussion**

At the constituent meeting following the Annual General Meeting, the Supervisory Board re-elected me as Chairman of the Supervisory Board. In addition, the committees were reformed, and their positions refilled, not least in order to meet the requirements of institutional shareholders and proxy advisors regarding the independence of shareholder representatives on the committees, which requirements are in some cases stricter than those laid down by law and the German Corporate Governance Code.

The shareholders confirmed my re-election with a significantly higher election result than when I was first elected. The Supervisory Board addressed this result and came to the conclusion that the significant result increase is a clear signal of explicit confidence in my role as Chairman of the Supervisory Board.

The Supervisory Board and its committees also dealt with other corporate governance topics and the Managing Board's regular reports on the business development. It revised its Rules of Procedure and updated the qualification matrix on the status of implementation of the fulfilment of the profile of skills for the Supervisory Board on the basis of a self-assessment by the individual members.

The 2024+ Managing Board remuneration system was approved by the Annual General Meeting. Due to changes in the composition of the DAX40 which are related to the peer group, the Supervisory Board adjusted the group relevant for measuring the relative total shareholder return (TSR).

The Supervisory Board continued to place particular emphasis on closely accompanying and supporting the Managing Board on ESG (environmental, social, governance) and digitalisation matters, and especially in the further transformation strategy. It covered actions to reduce CO<sub>2</sub> emissions even further and, in this context, looked at new technologies for carbon-reduced products as well as measures to improve the carbon footprint of plants.

The position on the Managing Board for Sustainability and New Technologies was already created in 2021 and underlines the strategic importance for Heidelberg Materials. As successor to Dr Nicola Kimm, the Supervisory Board appointed Dr Katharina Beumelburg for a three-year term with effect from 1 October 2024 as a new member of the Managing Board. With this, the set target of at least one woman on the Managing Board was again fulfilled. Furthermore, we will continue its efforts to identify suitable women who meet the requirements for filling a position on the company's Managing Board. Independently of this, we continue to strive to take diversity into account when making personnel decisions.

Furthermore, the Supervisory Board discussed the Group's strategy with regard to digital partnerships. In the reporting year, the Supervisory Board additionally dealt with the preparation of a roadmap for the specific application of artificial intelligence in the Group to increase efficiency.

#### **Supervisory Board Remuneration**

The Managing Board and Supervisory Board are of the opinion that the fixed remuneration of the Supervisory Board has proven effective and should therefore be retained. The fixed remuneration model is also practised by the majority of the DAX40 companies and is in accordance with the German Corporate Governance Code.

Taking into account the remuneration of comparable DAX40 companies, the Managing Board and Supervisory Board have come to the conclusion that an adjustment is necessary. In order to meet the constantly growing demands and the increased amount of work and time required from the members of the Supervisory Board, it is proposed that the remuneration be increased appropriately with effect as of 1 January 2025. An adjustment of the Supervisory Board remuneration should ensure the Company remains competitive in attracting new Supervisory Board members. At the same time, an appropriate reduction of the attendance fee is proposed. The remuneration will otherwise remain unchanged.

#### **Active dialogue with our shareholders**

During the reporting year, I was in ongoing contact with shareholders and received and considered suggestions on topics specific to the Supervisory Board. Like the Managing Board, the Supervisory Board put great emphasis on the engagement with the shareholders of the Group. Both are of the opinion that the virtual general meeting format has generally proven effective in the past years. Just as the in-person general meeting does, the virtual format also allows for the direct interaction between shareholders and the Managing Board and Supervisory Board during the meeting via video communication and electronic communication channels. However, there can also be reasons for conducting general meetings of the Company as in-person general meetings and not making use of the option to conduct virtual general meetings.

For this reason, it seems reasonable to once again authorise the Managing Board to decide, with the approval of the Supervisory Board, whether that meeting should take place as a virtual or as an in-person meeting. In the case of such an authorisation of the Managing Board, use shall not be made of the maximum possible term of five years provided for in the Act. Instead, the Managing Board shall, as before, only be authorised to hold virtual general meetings within a period of two years.

I would like to thank you for your confidence in the Supervisory Board. After a year with very good results, the Supervisory Board looks to the future with confidence. We have an experienced management team and the outstanding commitment of our employees around the globe to shape the future of Heidelberg Materials.

I very much look forward to welcoming you to this year's virtual Annual General Meeting on 15 May 2025.

Yours sincerely,



Dr Bernd Scheifele

Chairman of the Supervisory Board  
Heidelberg Materials AG