



2025

Green Finance - Allocation & Impact Report

heidelbergmaterials.com

Allocation

In our pursuit of a more sustainable future, we select projects that align with both our corporate values and regulatory standards. The allocation of funds is not merely a financial exercise but a testament to our dedication to environmental responsibility.

By investing in projects that reduce carbon emissions, enhance energy efficiency, and promote circular economy practices, we are actively contributing to the global effort to combat climate change.

Our approach is holistic, considering the long-term impacts of our investments on both the environment and society. Each project undergoes rigorous evaluation to ensure it meets our sustainability criteria. This alignment guarantees that our investments are not only beneficial for the environment but also compliant with the highest standards of sustainable finance.

Our commitment to sustainable finance is further reinforced by adherence to the International Capital Market Association’s (ICMA) Green Bond Principles (GBP) and the Loan Market Association’s (LMA) Green Loan Principles (GLP). These frameworks ensure that our green bonds and loans are managed with transparency and accountability, supporting our overarching sustainability strategy and contributing to the achievement of the UN Sustainable Development Goals.

Heidelberg Materials considers its Green Finance Instruments as complying with the EU Paris-Aligned Benchmark (PAB) exclusionary criteria. Furthermore, at entity level Heidelberg Materials is not aware of any violations of the UN Global Compact principles and OECD Guidelines for Multinational Enterprises, nor is Heidelberg Materials aware of any benchmark operators deeming Heidelberg Materials in violation of the UNGC principles and OECD Guidelines for Multinational Enterprises.

Project selection and allocation of net proceeds

The Eligible Green Project Portfolio comprises a total of EUR 1,066.4 million¹ in capital (CapEx) and operational expenditures (OpEx) from projects selected by Heidelberg Materials’ Green Finance Committee. The projects cover the financial years 2022 to 2024 and meet the Eligibility Criteria for the GBP/GLP categories “Pollution Prevention and Control” as well as “Circular Economy Adapted Products, Production Technologies and Processes” set out in Heidelberg Materials’ Green Finance Framework.

Additionally, all selected projects comply with the requirements of the EU Taxonomy Regulation², ensuring that our investments support environmentally sustainable economic activities.

We adopt a portfolio approach to allocate the net proceeds of our Green Finance Instruments. The bond volume issued in 2024 amounts to EUR 1.2 billion, which corresponds to net proceeds of EUR 1,178.4 million. As of year-end 2024, 90.5% of these net proceeds have been allocated to eligible green projects. The remaining EUR 112 million is planned to be allocated in 2025.

¹ As of 31 December 2024
² EU Economic activity 3.7 or 5.9 of Annex I – Climate Delegated Act and 2.7 of Annex II – Environmental Delegated Act. Heidelberg Materials remains committed to prioritizing projects that are aligned with the EU Taxonomy regulations wherever feasible.
³ „NAM“ for North America, „AMWA“ for Africa-Mediterranean-Western Asia and „APAC“ for Asia-Pacific as defined on page 42 of Heidelberg Materials’ Annual and Sustainability Report 2024 ([see here](#))
⁴ New financing refers to projects financed over the previous reporting period

Net proceeds allocation ¹

Eligible Green Project Portfolio in EURm

GBP/GLP category	Eligible Green Projects	% of Total	thereof		split by geographical location ³			
			CapEx	OpEx	Europe	NAM	AMWA	APAC
Pollution Prevention and Control	1,050.2	98 %	918.1	132.1	626.0	424.0	0.2	-
Circular Economy Adapted Products, Production Technologies and Processes	16.3	2%	13.2	3.1	-	-	-	16.3
Total	EUR 1,066.4 m		EUR 931.3 m	EUR 135.2 m				

Green Finance Instruments

Type of instrument	Volume	Maturity	ISIN	Net proceeds	Share of allocated net proceeds	Split of allocated net proceeds to refinancing/new financing ⁴
Green Bond	EUR 700 m	19.07.2034	XS2842061421	EUR 683.9 m		
Green Bond	EUR 500 m	17.10.2031	XS2904554990	EUR 494.5 m		
Total				EUR 1,178.4 m	90.5 %	68 % / 32 %

Confirmation by external reviewer

Independent Practitioner’s Limited Assurance Report

To Heidelberg Materials AG, Heidelberg

We have been engaged to perform a limited assurance engagement on the amounts of the allocated proceeds of the bonds issued under the Heidelberg Materials’ Green Finance Framework presented in the table “Net proceeds allocation” in section “Allocation”, of the Allocation & Impact Report (hereinafter the “Allocation & Impact Report”) of Heidelberg Materials AG, Heidelberg (hereinafter the “Company”), for the period from 1 January 2024 to 31 December 2024. Our engagement in this context relates solely to the amounts of the allocated proceeds presented in the table “Net proceeds allocation”.

Management’s Responsibility for the Allocation & Impact Report and the Use of Proceeds

Company’s Management is responsible for the preparation and presentation of the Allocation & Impact Report as well as for the use of proceeds in accordance with the eligibility criteria as set out in section 3.1 “Use of Proceeds” of the Heidelberg Materials’ Green Finance Framework as of June 2024 of Heidelberg Materials AG, Heidelberg, and in section “Allocation” of the Allocation & Impact Report (hereinafter together the “Eligibility Criteria”). This responsibility includes: designing, implementing and maintaining internal control relevant to the proper preparation and presentation of the Allocation & Impact Report as well as to the proper use of proceeds and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Audit Firm’s Independence and Quality Management

We have complied with the German professional provisions regarding independence as well as other ethical requirements. Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors (“Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer“: “BS WP/vBP”) as well as the Standard on Quality Management 1 published by the Institut der Wirtschaftsprüfer

(Institute of Public Auditors in Germany; IDW): Requirements to quality management for audit firms (IDW Qualitätsmanagementstandard 1: Anforderungen an das Qualitätsmanagement in der Wirtschaftsprüferpraxis - IDW QMS 1 (09.2022)), which requires the audit firm to design, implement and operate a system of quality management that complies with the applicable legal requirements and professional standards.

Practitioner’s Responsibility

Our responsibility is to express a limited assurance conclusion on the amounts of the allocated proceeds presented in the table “Net proceeds allocation” in section “Allocation” of the Allocation & Impact Report based on our work performed. We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters come to our attention that cause us to believe that, in all material respects, the amounts of the allocated proceeds presented in the table “Net proceeds allocation” in section “Allocation” of the Allocation & Impact Report have not been invested in accordance with the Eligibility Criteria. In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner’s judgment, including the assessment of the risks of material misstatement of the amounts of the allocated proceeds presented in the table “Net proceeds allocation” in section “Allocation” of the Allocation & Impact Report considering the Eligibility Criteria. Within the scope of our work we performed primarily on a test basis amongst others the following procedures:

- We have made enquiries to Heidelberg Materials’ management, including those with responsibility for Heidelberg Materials’ Green Finance Framework governance, management and reporting.
- We have obtained an understanding of and evaluated the design of the internal tracking method for managing, recording and

reporting of the amounts of the allocated proceeds presented in the table “Net proceeds allocation” in section “Allocation” of the Allocation & Impact Report.

- We have, on a sample basis, evaluated whether the amounts of the allocated proceeds presented in the table “Net proceeds allocation” in section “Allocation” of the Allocation & Impact Report have been invested in accordance with the Eligibility Criteria.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that, in all material respects, the amounts of the allocated proceeds presented in the table “Net proceeds allocation” in section “Allocation” of the Allocation & Impact Report have not been invested in accordance with the Eligibility Criteria.

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement. The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility, duty of care or liability towards any third parties.

Frankfurt am Main, June 11, 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Thomas Tilgner	Annette Maria Fink
Wirtschaftsprüfer	
[German Public Auditor]	

Impact Reporting

Our dedication to sustainability is already yielding measurable results at this stage. The impact of our investments can be observed through various metrics and outcomes.

By focusing on projects that reduce CO₂ emissions and enhance circularity, we are paving the way for a more resilient and environmentally friendly future.

The Green Finance Framework highlights our commitment to building a net-zero future. These initiatives are crucial for achieving our long-term sustainability goals and demonstrate our proactive approach to mitigating climate change.

In our efforts to reduce CO₂ emissions of our plants and products, we focus on the following conventional and breakthrough levers:

Clinker Measures: These measures aim to reduce CO₂ emissions associated with clinker production. They include modernizing and increasing the efficiency of plants, as well as increasing the use of alternative fuels, particularly waste-based biomass, to further reduce the proportion of fossil fuels used.

Cement Measures: These measures focus on the use of clinker alternatives to reduce the proportion of traditional cement clinker. These alternatives include supplementary cementitious materials such as blast furnace slag, fly ash, natural pozzolans, limestone, and new materials like calcined clays and (carbonated) recycled hardened cement paste.

Breakthrough Technologies: These technologies encompass innovative solutions such as carbon capture, utilization, and storage (CCUS), which help capture previously unavoidable emissions in cement production before they reach the atmosphere. They are essential for the complete decarbonization of the cement industry.

In our plant-specific strategies, we generally focus on a combination of different measures. The reductions achieved with these levers for our priority plants to achieve taxonomy alignment over the past years are shown in the table on the right-hand side.

Furthermore, our efforts in sustainable product development and solutions are contributing to a circular economy, ensuring that our building materials are not only high-quality but also environmentally responsible.

We define products as circular if they contribute either to a reduction in material inputs or to the recycling of materials. In both cases, an internally defined threshold of 30% determines whether a product is circular compared to a standard product. Additionally, this framework outlines the company’s overall goals for promoting a circular economy, including resource conservation and minimizing our ecological footprint. We also aim to further reduce our CO₂ emissions by improving our material cycle. These ambitions are reflected in our commitment to expanding our portfolio of circular products and providing circular alternatives to standard concrete products. By focusing on the conservation of primary raw materials, we can extend the lifespan of our natural raw material reserves and contribute to their protection.

As a result, we have steadily increased the amount of recycled materials produced and included in our products over the past few years.

Methodology Note

Pollution Prevention and Control

Our absolute CO₂ emissions are calculated based on the methodology of the Global Cement and Concrete Association (GCCA) and are externally audited on a plant-by-plant basis annually. The methodology used to calculate the reductions shown in the first indicator is built on these figures. We focus only on the plants with Eligible Green Projects, which are considered for our Eligible Green Project Portfolio.

As our first-ever industrial-scale carbon capture storage plant in Brevik, Norway, will start operations in mid-2025, CO₂ has only been captured for test purposes so far. Therefore, the value for the second indicator is still zero for 2024.

Circular Economy Adapted Products

The calculation of the total volume processed waste is based on the contribution from Heidelberg Materials’ economic activities that qualify as Eligible Green Projects and are included in the Eligible Green Project Portfolio.

Impact Indicators⁵

GBP/GLP category	Estimated cumulative reduced GHG emissions [tCO ₂ e]	Estimated cumulative captured GHG emissions through CCUS [tCO ₂ e]
Pollution Prevention and Control	1,047,537	-
Circular Economy Adapted Products, Production Technologies and Processes	2,122,594	

⁵ Cumulative figures for financial years 2022 to 2024

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