Climate Transition Plan

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Heidelberg Materials

01. Introduction

The world needs smart, sustainable, and resilient infrastructure, buildings, and public spaces. As one of the world's largest integrated manufacturers of building materials, operating in a hard-to-abate industry, we recognise that tackling climate change is of highest priority. Heidelberg Materials fully supports the aim of the UNFCCC Paris Agreement to limit global warming to 1.5°C. In line with this, we have made a clear commitment to help build a net-zero future, which is why we are transforming our business and placing sustainability at the core of what we do. This 1.5°C-aligned Climate Transition Plan serves as a guiding principle and outlines our net-zero journey. To meet our responsibility for a successful transformation, we have set ourselves clear targets and are actively implementing measures to adapt our business model in line with our objectives. In the following sections we will elaborate more on our net-zero transformation.

02. Our climate impact

As a cement manufacturer, Heidelberg Materials is aware of its special responsibility in a hard-to-abate industry. This is inherent in the nature of our operations. We extract and transport raw materials and subsequently process these at temperatures above 1,450°C to produce cement. This means that throughout our value chain, we directly and indirectly impact the environment; for example, by mining designated areas for raw material extraction and by generating direct and indirect greenhouse gases, especially CO_2.

The following section provides a detailed examination of the specific emission categories.

a) Scope 1 – Direct emissions

Scope 1 CO_2e emissions are the direct emissions from the company's owned or controlled sources.

These emissions are generated, for example, by kiln combustion of fuels related to cement clinker production, by the calcination of carbonate rock such as limestone or by combustion of fuels that do not originate from kilns (e.g. hot gas generators, dryers, fuels for on-site electricity generation, and fuel consumption by the vehicle fleet).

b) Scope 2 – Indirect emissions from purchased electricity, steam, heat, or cooling

Scope 2 CO_2e emissions are indirect emissions from the generation of energy, e. g. electricity and heat that a company procures or purchases from third parties. In our operations, electricity is used for grinding cement and in general to operate devices in all business lines. In the future, significant quantities of electricity or steam will be required for the operation of technologies like carbon capture.

c) Scope 3 – Emissions in the value chain

Scope 3 CO_2e emissions are all other indirect emissions from our value chain, from sources not owned or controlled by Heidelberg Materials.

According to the classification of the Greenhouse Gas Protocol, the inventory of Scope 3 CO_2e emissions is composed of 15 categories. At Heidelberg Materials, the most significant categories are purchased materials and fuels (purchased clinker, raw materials, cement constituents, cement), upstream and downstream transportation (by truck, rail, vessel), and investments.

Heidelberg Materials calculates and reports its Scope 1 and 2 CO_2e emissions in accordance with the CO_2 and Energy Accounting and Reporting Standard for the Cement Industry and its Scope 3 CO_2e emissions in accordance with the Cement Sector Scope 3 GHG Accounting and Reporting Guidance from the Global Cement and Concrete Association (GCCA).

An inventory on Scope 1, 2, and 3 is an integral part of the Annual and Sustainability Report of Heidelberg Materials and is audited to the level of reasonable assurance (Scope 1 for business line cement, excluding transport related Scope 1 emissions) and limited assurance (Scope 2, Scope 3, categories 1, 3, 4, 9 and 15).

03. Our climate commitments

We aim to reduce the specific net Scope 1 CO_2 emissions to <400 kg of CO_2 per tonne of cementitious material by 2030.

We thus committed to the following 2030 climate targets (2020 base year1) which are validated by the Science Based Targets initiative (SBTi) and aligned with the 1.5°C pathway:

- Scope 1: reduce specific gross CO_2e emissions per tonne of cementitious material by 24%.

[1] The target boundary includes land-related emissions and removals from bioenergy feedstocks.

- Scope 2: reduce specific gross CO_2e emissions per tonne of cementitious material from purchased electricity by 65%.
- Scope 1 and 2: reduce gross scope 1 and 2 CO_2e emissions per tonne of cementitious material by 26.7% from a 2020 base year.
- Scope 3: reduce absolute CO_2e emissions from purchased cement and clinker[2] by 25%.

Heidelberg Materials' 2050 targets were also validated by SBTi and are aligned with SBTi´s net-zero pathway. Our company commits to (2020 base year[3]):

- Reducing gross Scope 1 and 2 CO_2e emissions by 95% per tonne of cementitious material
- Reducing absolute Scope 3 CO_2e emissions by 90%

Our 2050 CO_2e reduction targets and the 2030 Scope 1 and 2 CO_2e reduction targets are in line with the 1.5°C target of the Paris Agreement.

04. Our decarbonisation levers

a. Scope 1

We will achieve our targets through implementing a variety of measures at the clinker and cement levels, and by implementing breakthrough technologies.

a) Measures at the clinker level

These refer to all measures to reduce CO_2e emissions associated with clinker production. They include measures to modernise and increase the efficiency of plants, but also those intended to increase the use of alternative raw materials and alternative fuels, in particular waste-based biomass, in order to further reduce the proportion of fossil fuels used.

b) Measures at the cement level

These measures refer to the use of clinker alternatives, which make it possible to reduce the proportion of traditional cement clinker. These alternatives include supplementary cementitious materials such as blast furnace slag, fly ash, natural pozzolans, limestone, but also new materials such as calcined clays and (carbonated) recycled concrete paste.

c) Breakthrough technologies

This includes new, ground-breaking technologies such as carbon capture, utilisation, and storage, which help to capture previously unavoidable emissions in cement production before they are released into the atmosphere. They are essential for the complete decarbonisation of the cement industry.

CCUS is a key component of our climate strategy. Our Brevik CCS facility in Norway was opened in June 2025 and is capturing carbon dioxide from cement production, to be permanently stored beneath the North Sea. Additionally, we have started developing around a dozen follow-up projects, some of which will come with much higher capture capacity.

b. Scope 2

A key focus of our Scope 2 mitigation is on energy efficiency measures, such as long-term power purchase agreements (PPAs) for renewable energies, the expansion of green electricity grids (greener grids), investments in our own facilities for the generation of green electricity, especially photovoltaics, as well as electrification of our clinker kilns and the use of waste heat.

c. Scope 3

To reduce the emissions in our supply chain, we are working with suppliers to ensure transparency in emissions data. At supplier meetings, for example, we encourage companies to reduce CO_2 emissions or switch to low-carbon products to comply with the Paris Agreement.

In the future, we will continue to work closely with more suppliers from our value chain, or set additional environmental requirements, to ensure a transition towards Net Zero.

05. Methodology and strategy

The development of Heidelberg Materials' decarbonisation strategy included the analysis of various possible scenarios to identify the reduction level per lever that will be aligned with a pathway to Net Zero by 2050.

Our Group-wide CO_2 roadmap bundles all identified decarbonisation opportunities for all Group countries and all cement plants. It forecasts our emissions until 2030 as a guide to achieve our mid-term climate targets.

When drawing up the CO_2 roadmap, the Group countries worked together on an interdisciplinary basis and considered technical as well as economic and regulatory factors in the company's decarbonisation strategy. The CO_2 roadmaps have been drafted by the country teams in close collaboration with Heidelberg Materials' global expertise.

[2] Includes only externally purchased cement and clinker for cement and Ready-Mix business lines.

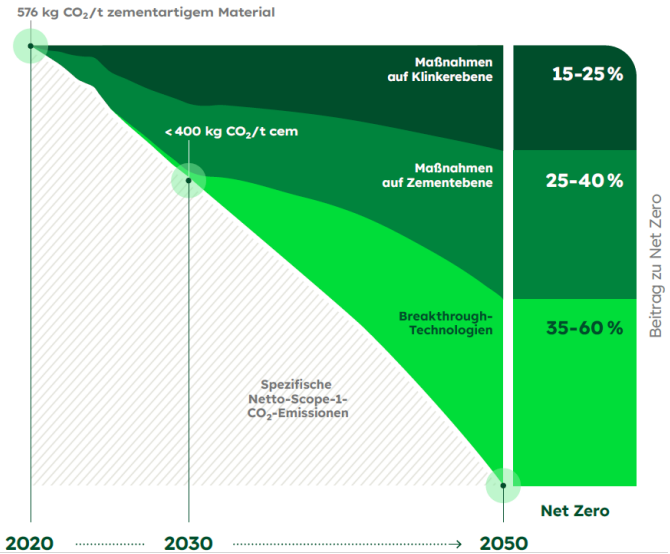
[3] The target boundary includes land-related emissions and removals from bioenergy feedstocks.

The CO_2 roadmap considers the long-term plan and a yearly improvement in each of the reduction levers. It also draws on assumptions as to how the market for low-carbon cement and concrete could develop in the respective Group countries.

Heidelberg Materials assesses the long-term impact of new projects (e.g. mergers and acquisitions) on the carbon footprint and how this impact can be aligned with the company's emission reduction targets. Heidelberg Materials monitors and reviews its performance against the CO_2 roadmap monthly on a Group level.

The Managing Board members with responsibility for the respective areas are closely involved in the development of the roadmaps to ensure the highest management-level engagement in the process.

Once the roadmaps are considered ready by the countries, they are reviewed and challenged through different iterations by a panel of internal stakeholders, including the Chief Technical Officer (CTO) and Chief Sustainability and New Technologies Officer (CSO). As a last step, the roadmaps are submitted for approval by the Managing Board. Once they have been approved by the Board, the sustainability departments engage in an annual implementation review, supported by regular tracking.



06. Our environmental contribution

We focus on sustainable revenue by promoting low-carbon solutions and supporting the transition to a low-carbon economy.

a. Production and products

Sustainable building materials with the lowest possible carbon footprint are playing an increasingly important role for us and our customers. In line with our Sustainability Commitments 2030, we are making substantial investments in researching and developing innovative low-carbon production technologies and products. In dialogue with our customers, the responsible staff in the Group countries explore the need for new sustainable products for their respective markets. We accept our responsibility to continuously reduce the carbon footprint of our production processes so that we will be able to provide near-zero-carbon products to all our customers by latest 2050.

Our range of sustainable products and solutions is growing steadily due to the integration of sustainability in our value chain. Our portfolio includes both low-carbon and circular products. Alongside sustainability, a digital infrastructure across all our business lines and locations is also part of our transformation. We are developing digital products and providing customer solutions that help us to be successful, efficient, and transparent in our core business.

We market our sustainable products, which stand out for their contribution to the reduction of CO_2 emissions and circularity, under the evoBuild® product brand. The evoBuild® product portfolio and our evoZero® product brand for the world's first carbon captured near-zero cement, produced using CCS technology, will make a decisive contribution to increasing our sustainable revenue.

We continually invest in new technologies for the mitigation of process and fuel related carbon emissions from clinker production, such as carbon capture, utilisation, and storage. Our R&D efforts to develop innovative low-carbon production technologies and products receive highest priority. This also comprises the enhanced use of recycled concrete along the whole production value chain to conserve natural resources and minimise wastage of valuable construction materials.

b. Sustainable revenue

We report the share of revenue from sustainable products Group-wide and for the cement business line. The revenue that we allocate to our sustainable products does not align with the definitions of the EU Taxonomy Regulation. We define sustainable cement and concrete as achieving a reduction in CO_2 emissions of at least 30% compared to the GCCA's 2020 global reference value. This translates to a threshold of ≤ 552 kg CO_2/t for cementitious material and ≤ 5.5 kg CO_2/m^3/MPa for ready-mixed concrete. Circular products must contain at least 30% recycled aggregates or reduce material requirements by at least 30% to be included in the share of revenue from sustainable products.

We aim to generate > 50% of our Group revenue from low-carbon and circular products and solutions by 2030, thereby mitigating the climate impact of our business activities.

07. Risks and opportunities

Climate-related risks are divided into physical risks of climate change and into impacts resulting from the transition to a low-carbon economy (transition risks). The analysis of climate-related risks is part of Heidelberg Materials' overall risk management approach which is integrated into the Group's regular risk management process.

We are considering short- (0 – 1 year), medium- (> 1 - 3 years), and long-term (time frame beyond 3 years and typically up to at least 2050) time horizons for climate-related risks.
The process of identifying climate-related risks is carried out bottom-up on a decentralised basis by country management and once a year top-down from a global perspective by the Sustainability and Group Insurance & Corporate Risk departments. General macroeconomic data as well as other industry-specific factors and risk information sources serve as auxiliary parameters for the process, as does the internal risk catalogue, which records the various financial and non-financial climate-related risk categories. Climate-related risks are consolidated in a Group-wide risk map for potentially critical economic impacts of Heidelberg Materials.

According to the definition of the Task Force on Climate-related Financial Disclosures (TCFD), climate-related risks include both physical risks and transition risks. Physical climate risks are divided into acute and chronic risks. In our analysis of physical climate risks, we are therefore considering both, the current risks and – for the periods to 2030, 2040 and 2050 – the recognised scenarios (Shared Socioeconomic Pathways) SSP 1-2.6 (optimistic), SSP 2-4.5 (middle of the road), and SSP 5-8.5 (pessimistic) of the Intergovernmental Panel on Climate Change (IPCC).

As a result of our physical climate risk assessment, we identified precipitation stress and heat stress among the material chronic climate risks. The risk exposure to drought will rise by 2040 and 2050. In terms of acute risks, floods as well as tropical cyclones are the material ones for our business activities.

The potential impact of climate change also depends heavily on global developments such as demographic change, economic growth, and efforts to rapidly reduce the CO_2 concentration in the atmosphere.

The transition risks that we identified as the most important ones for Heidelberg Materials vary in nature and encompass risks such as changes in climate-related regulations, substitution of existing products with products incurring lower emissions, reputational risks as well as market risks resulting from a possible change in consumer preferences. These risks are actively monitored and mitigated as part of our own journey towards a low-emission economy.

Regarding climate-related opportunities, the cement industry can make a decisive contribution in the transition to a low-emission and climate-resilient global economy. The urbanisation trend and growing world population are expected to increase the demand for cement and concrete. In the medium term, we see opportunities in a growing demand for durable building materials produced with resource-efficient processes for the construction of resilient infrastructure. With the increasing likelihood of extreme weather events and natural disasters, such as floods and sea level rise due to climate change, the importance of robust concrete infrastructure capable of withstanding and protecting against the impacts of such events in the regions affected is growing.

Our many years of research and development and our commitment underscore our focus on climate protection and the circular economy. One focus is on the recarbonation of hardened cement paste in recycled fractions. The aim of this process called "enforced carbonation" is to store the same amount of CO_2 in this material as was previously released during the cement production process. The results of our R&D efforts are encouraging, demonstrating a CO_2 uptake potential close to the amount of process greenhouse gases emitted during clinker production. This has the potential to make a significant contribution to the decarbonisation of the industry, and it gives us the opportunity to access new markets with recarbonated products.

By continuously expanding our CCUS activities, we expect to be able to reduce costs and increase revenue. Firstly, capturing and storing CO_2 removes the need to purchase emission allowances. The financial effect will increase as we emit less CO_2 and as the price of carbon allowances rises. Secondly, higher sales prices for sustainable products could represent a significant revenue effect and competitive advantage in the medium term. These two effects could exceed the expected annual capital expenditure of expanding our CCUS projects.

08. Embedding the Climate Transition Plan in and aligning it with the overall business strategy and financial planning

To incentivise the Managing Board and C-suite executives to achieve our climate targets, the variable remuneration of the CEO, Managing Board members, and General Managers is linked to the achievement of the Group-wide CO_2 (reduction) roadmap set by Heidelberg Materials. A link to climate targets exists in both the short-term as well as the long-term variable remuneration components. Besides these senior management positions, the CO_2 component is also part of the variable remuneration

component of the majority of the bonus-eligible employees. The increase in the share of revenue generated by sustainable products, also as part of the Management Board's remuneration, highlights the strategic relevance of implementing the Climate Transition Plan.

Our business strategy is geared towards harmonising growth and sustainability through measures including sustainable financial instruments and increasing the proportion of revenue from sustainable products. In June 2024, we issued our first green bond with an issue volume of €700 million and a term ending in 2034. In September 2024, another green bond with a volume of €500 million and a term ending in 2031 was issued. The range of projects financed by these bonds extends from the modernisation of plants, for example to increase the use of alternative fuels, to the expansion of carbon capture technologies.

The financial resources for our climate change mitigation actions vary depending on the project scope, technology, location and condition of the cement plant, development of transport and storage facilities, etc. A deeper analysis per project, cost and financial impact is designed and subjected to approval by the member of the Management Board responsible for the respective region according to Heidelberg Materials' approval process.

The cost to implement measures to enable the Climate Transition Plan are evaluated on a regular basis in alignment with the requirements of the capital expenditure (CapEx) plan as defined for the EU taxonomy, to ensure a disciplined CapEx approach and efficient asset quality.

The average net CapEx was set at €1.3 billion per annum until 2030 and was communicated to investors and stakeholders via the Capital Markets Day in May 2025.

As the implementation of CCUS projects is complex and cost intensive, national and international funding is required in addition to the company's CapEx.

Our climate transition plan is aligned with the IFRS Sustainability Standards S1 and S2; however, we do not report on the anticipated financial effects as doing so is currently not possible without undue cost or effort.

09. Stakeholder engagement

With the help of established feedback mechanisms, we regularly track our progress and engage with our key stakeholders regarding our climate transition activities. We initiate direct dialogue with them during, for example, our Annual General Meetings, regular Capital Markets Days, quarterly conference calls, investor roadshows, and conferences as well as virtual and physical meetings. For our customers, we offer a wide range of events in which we discuss and challenge our climate transition efforts.

Through these actions, we continuously share the latest developments in our low-carbon product portfolio with customers and promote their usage to reduce the carbon footprint of buildings and construction projects and cut emissions overall. We believe that engaging with all our customers is a must. Therefore, our country-level efforts address our full country portfolio. We take different approaches to our customers, tailored to the specific market. As a global company with a presence across around 50 countries, we focus on local markets via our sales teams, who are in continuous contact with our customers to understand their needs and expectations.

Customer interest in and demand for sustainable products is increasing, as our offerings enable them to reduce their own emissions. We aim to provide enough information to our customers so they can make informed decisions, especially when it comes to the carbon footprint. We strive to contribute to our customers' CO_2 reduction by encouraging the use of low-carbon products.

On the supplier side, we conduct feedback discussions and surveys, as well as pursuing targets in terms of external green ratings, which are clearly tailored to address our sustainability activities. We actively engage with suppliers to learn about them and incentivise them to take measures to reduce their carbon emissions, including encouraging them to set science-based targets for CO_2 reduction.

With our suppliers, we consistently share best practices and encourage them to build transparent and forward-looking supply chains. As a key component of our procurement strategy and policy, we strongly communicate our approach to a more sustainable supply chain in key supplier meetings. Through our Responsible Procurement initiative, we engage directly with suppliers to increase their commitment to reducing CO_2. Additionally, we strive to constantly increase the number of suppliers who are committed to having an appointed member of their management team who is responsible for measuring and reducing their carbon footprint and who plan to measure carbon emissions in the near future.

We acknowledge that our climate commitment also needs to be mirrored in our political engagements at global, regional, and local level to support the transformation of our industry. We advocate for comprehensive carbon pricing systems coupled with a level playing field to enhance effective responses to climate change. We ensure global governance and alignment of our advocacy work and our activities in associations through our interdisciplinary task forces, which include experts from Group staff functions and operations. Interdisciplinary working groups, made up of experts from different departments, are responsible for the topics of CO_2 management, sustainable land management, sustainable construction, social responsibility, sustainability strategy, and risk management, as well as sustainability ratings and reputation. Several of these topics, such as CO_2

management, are further coordinated by steering committees, which report to the Managing Board.

10. Governance structures for implementation of our Climate Transition Plan

We have established robust governance structures that assign responsibility and accountability for our Climate Transition Plan to the Chief Sustainability & New Technologies Officer (CSO) who is a member of the Managing Board, while the Chairman of the Managing Board manages and monitors all climate-related targets in the Climate Transition Plan. This Climate Transition Plan was approved by the Managing Board and Supervisory Board.

The General Managers for all our operating units are equally responsible for successfully reducing Heidelberg Materials' environmental impact in line with our business strategy. At Group and country level, multidisciplinary teams have been established to develop, review, and implement our CO_2 reduction roadmaps.

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