Sustainability-Linked Financing Framework

Investor Presentation

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HeidelbergCement AG

30 May 2022

HEIDELBERGCEMENT

About HeidelbergCement

HeidelbergCement's Sustainability Strategy

Sustainability-Linked Financing Framework

Financial Policy

The Group in figures

Revenue 2021

€18.7 bn

Employees

51,000

Locations

3,000

Leading market positions in cement, aggregates, and ready-mixed concrete.

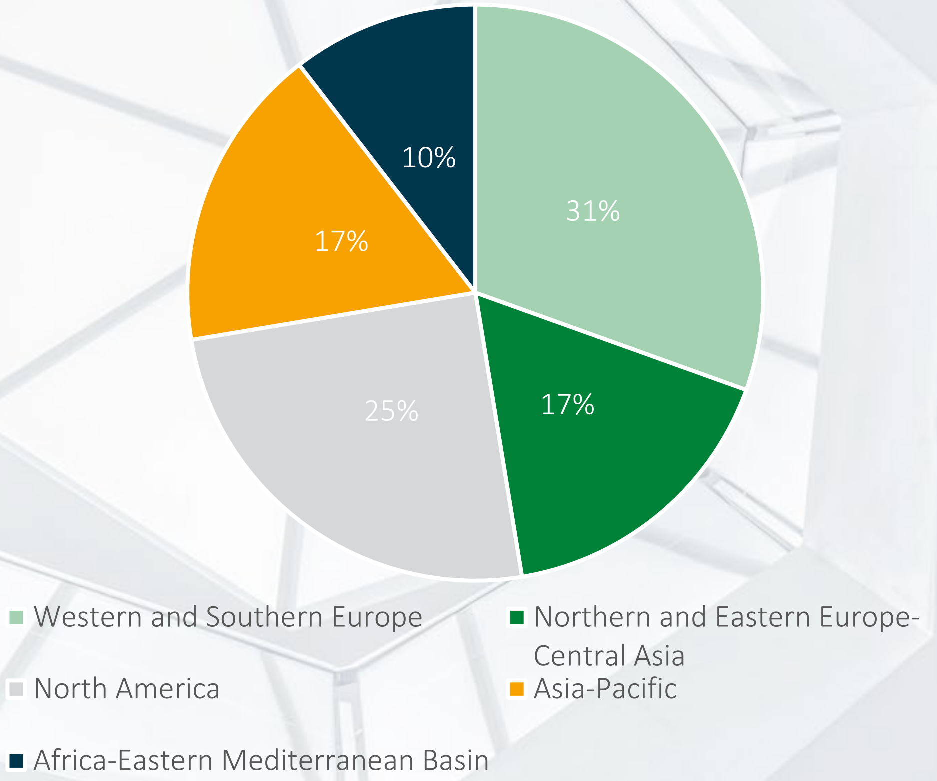
Profitable growth and balanced regional positioning

Financial highlights 2021

Group revenue	€18,720m
Result from current operations before depreciation and amortisation	€3,875m
Adjusted earnings per share *	€7.91
Dividend per share	€2.40
ROIC	9.3%

* Adjusted for non-recurring effects

Distribution of revenue 2021 by regions



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Today, HeidelbergCement is a stronger company than ever

Well-balanced geographic portfolio

EU, NAM, EM
equal exposure

Strong improvement in financial metrics

ROIC: 9.3%
in '21 vs. 6.5% in '19

Leader in decarbonisation

10 mt CO_2
reduction through CCUS by 2030

Strong customer focus through digital offerings

>20,000
monthly active users
80% retention rate

Focus on shareholder returns

€1 bn
returned to shareholders in 2021

The underlying demand for our products remains very promising

>80%	of global GDP committed to net zero targets
1.5x	Global urban population will increase by 1.5 times to 6 bn by 2045
>35%	higher global construction output over this decade until 2030

Source: Worldbank, University of Oxford, Oxford economics

CO_2 reduction and circularity will be key enablers of our sustainable revenue target

Sustainable products

50%

CO_2

Reduce and reuse CO_2
Less CO_2 in cement and concrete

Reuse and reduce materials
More circularity in the product mix

Commoditisation comes to an end:

Sustainable product portfolio will be THE key differentiator!

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4 pillars set our foundation to drive the transition

Purpose

Sustainability is anchored in our purpose

Framework

UN SDGs shape our strategy and commitments

Commitments

Actions and accountability drive our transformation

Collaboration

Joining forces enables us to reach common goals

Regulatory changes and sustainability focus will be a big opportunity for us

1 Green procurement criteria create significant growth potential

- Strong demand for sustainable products and solutions on the back of green procurement criteria
- Sustainable products with price premium over traditional products

Growth opportunity

2 Carbon regulation creates opportunity for early movers

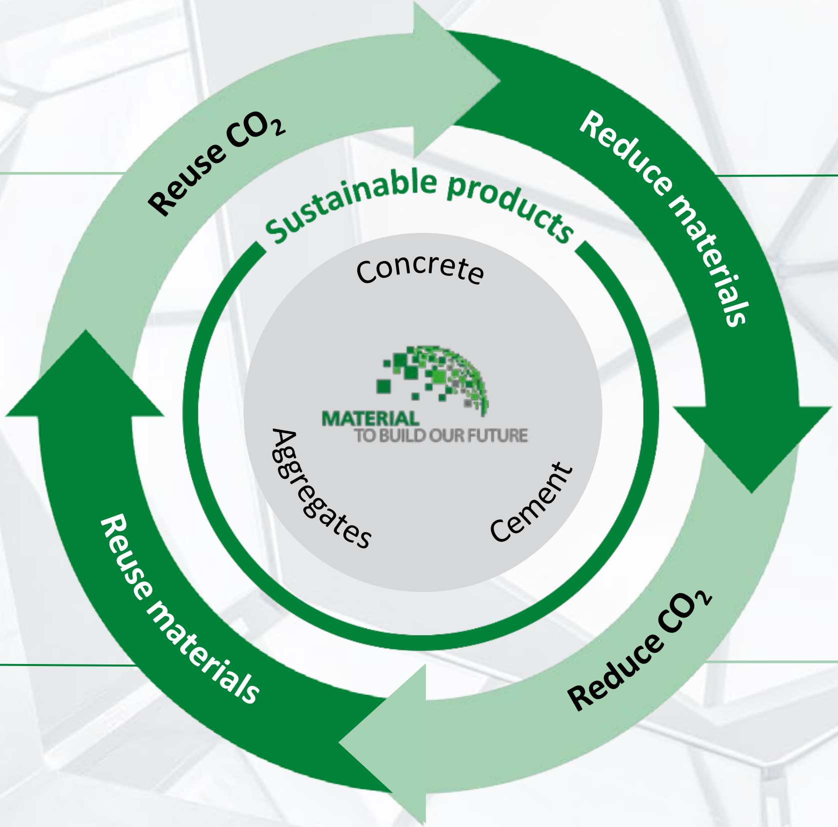
- Highest incentive to change in Europe given carbon regulations – our European operations will become the blueprint
- Sustainable products with margin premium

Margin improvement opportunity

We will close the carbon and materials loop

- Carbon capture, utilisation and storage (CCUS)
- CO_2 mineralisation in building materials

- High-performance concrete
- 3D printing
- Digitalisation



- Recycled content in products
- Reuse of materials & elements

- Clinker substitution
- Alternative fuels
- Process innovation

We set new benchmarks with our commitments for 2030

CO_2-reduced cement

400 kg/t

Cut our emissions by almost half[1]
– the lowest in the cement industry.

Sustainable revenue

Double our revenue
from low-carbon and circular
products and solutions to reach 50%
of Group revenue.

Circular concrete

50%

Offer circular alternatives
for half of our concrete products
– aiming for full coverage.

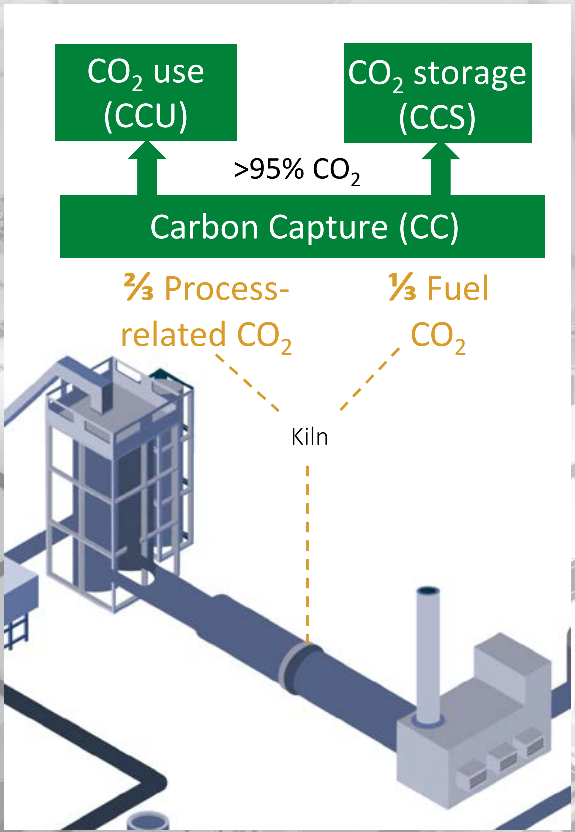
1 Refers to baseline of 1990 and 750 kg CO_2 per tonne of cementitious material, leading to a reduction of 47%

The unavoidable process emissions of our clinker manufacturing require CCUS

Captured and utilised (CCU) or stored (CCS)

⅔ of CO_2
emissions from limestone

Raw meal



Mill

Reduced through waste-derived fuels and more efficient energy use

⅓ of CO_2
emissions from fuels

Researching clinker replacements is key to reduce CO_2 footprint of cement

Important considerations for supplementary cementitious material (SCM)

- Locally available materials
- Pozzolanic or hydraulic properties
- Recycled materials and waste materials from other industries
- Sufficient reserves
- Cost efficient logistics

Products

Clinker incorporation

< 68 %

and drive circularity

We explore new formulations with established materials

Natural pozzolan in Iceland

Prospects
- Bringing the historical use to a new industrial dimension

USP
- **Superior quality** due to fast cooling (glacier):
  - High reactivity
  - Denser structure
  - Low water demand

Timing
- Secured access to 100 mt reserve of pozzolan
- Plant capacity of 1 mt p.a. (starting 2025/26)

We use a wide range of materials for clinker replacement

Calcined clay

Prospects

– Systematically screening potential clay sources worldwide

USP

– Up to 50% clinker replacement when combining calcined clay and limestone

Timing

– Recently announced JV in Ghana will build the world´s largest flash calciner
– Further projects in the pipeline e.g. in Africa – timeline: 2023/2024

We collaborate closely with partners from steel and other industries

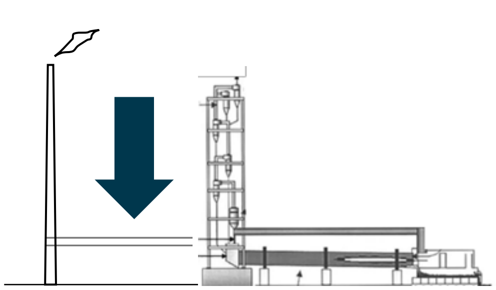
Future steel and metal slags

Prospects
– Steel industry also in transformational process

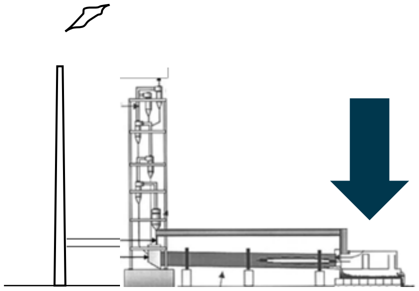
USP
– Enable use of future waste streams from iron production as early mover

Timing
– Several projects underway with industry partners
– State-funded (BMBF) project "SAVECO2" with ThyssenKrupp with a budget of €2.2 m

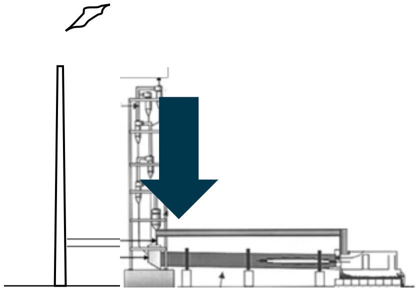
We focus on resource- and cost-efficient capture technologies



Amine technology
(Post combustion capture)

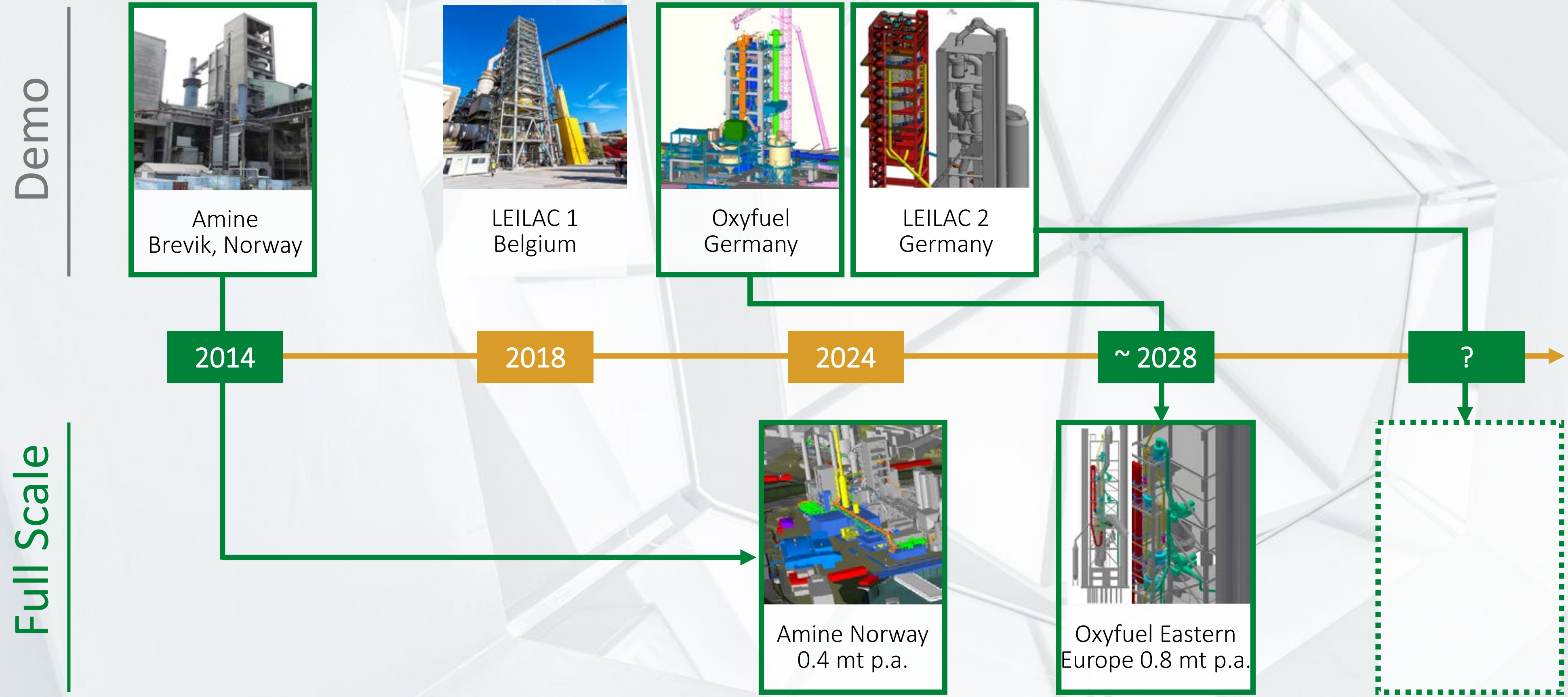


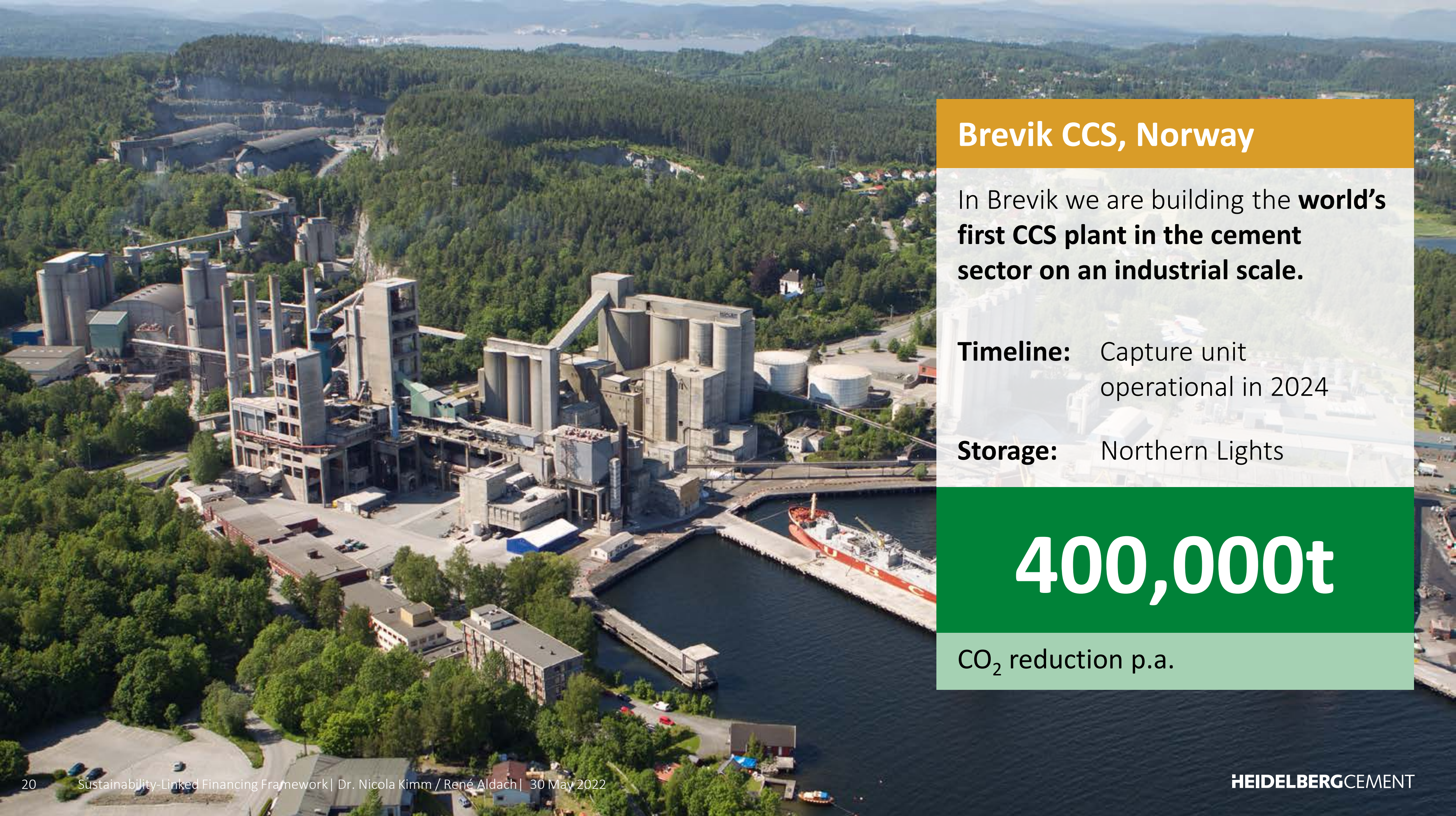
Oxyfuel technology



LEILAC technology
(Direct separation)

We are an early mover and scaling up fast





Brevik CCS, Norway

In Brevik we are building the **world's first CCS plant in the cement sector on an industrial scale.**

Timeline: Capture unit operational in 2024

Storage: Northern Lights

400,000t

CO_2 reduction p.a.

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First projects where we utilise the CO_2 captured in our plants (CCU)

CO_2

Cement / Concrete

Mineralisation

Other materials

High focus of HC; previous presentation of Group R&D

Carbonation to face-bricks

12 kt p.a. CO_2

Steel slag

Face bricks

150 kt p.a.

Conversion with H_2

E-fuels trial as part of CI4C

Biological conversion

Micro-algae for fish and animal feed

Safi Morocco 0.5 ha in operation since 2019

CCU and CCS are complementary – we need both to reach net zero

2022

CCS

Large-scale
Europe and NAM

CCU

Small- and mid-scale
Europe and NAM

2030

CCS

Large-scale
Worldwide

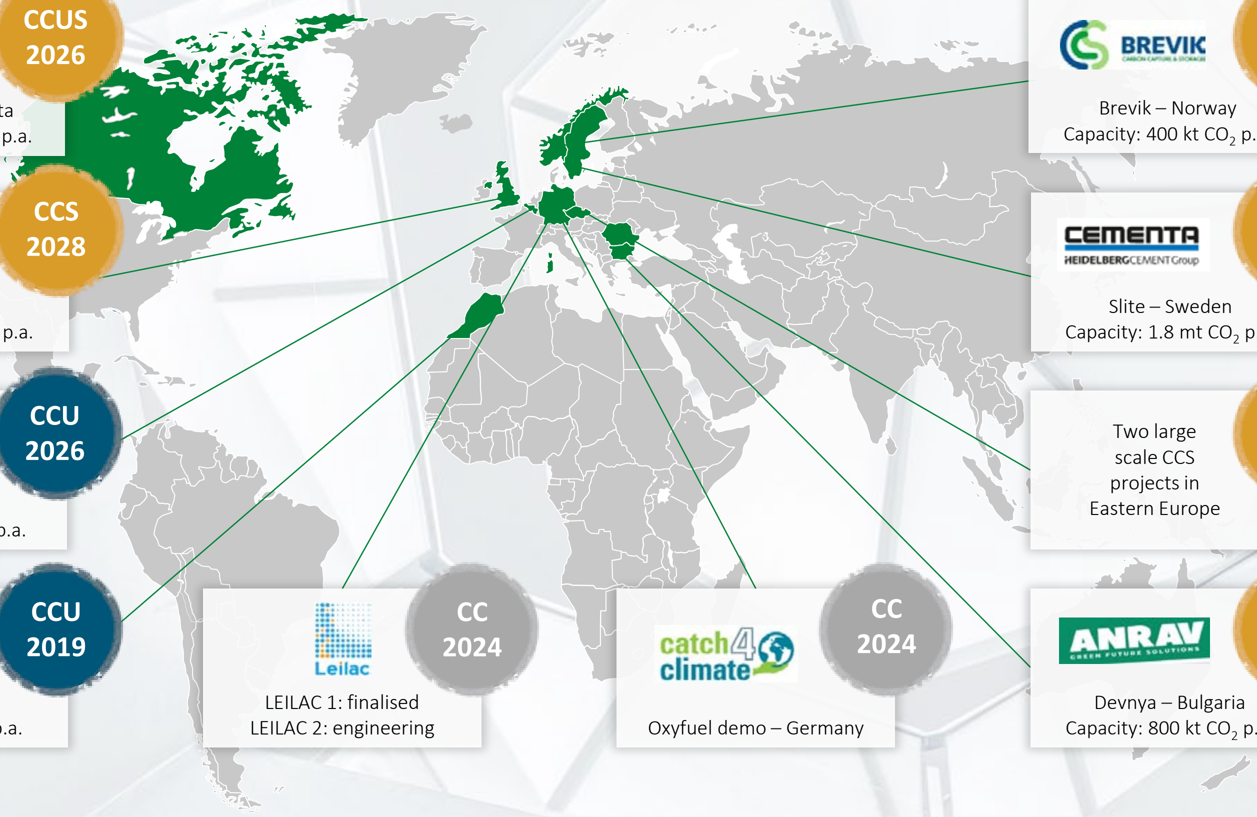
CCU

Large-scale
Worldwide

2050

Driving CCUS with extensive and most advanced project portfolio in the sector

Our mature CCUS projects



CCUS 2026
Lehigh Hanson HEIDELBERGCEMENT Group
International CCS Knowledge Centre
Edmonton – Alberta
Capacity: 800 kt CO_2 p.a.

CCS 2028
HyNet North West
Padeswood – UK
Capacity: 800 kt CO_2 p.a.

CCU 2026
Carbobrick
Vandersanden
Lixhe – Belgium
Capacity: 12 kt CO_2 p.a.

CCU 2019
إسمنت المغرب
Ciments du Maroc HEIDELBERGCEMENT Group
Omega Green
Capacity: 50 t CO_2 p.a.

CC 2024
Leilac
LEILAC 1: finalised
LEILAC 2: engineering

CC 2024
catch4climate
Oxyfuel demo – Germany

CCS 2024
Brevik Carbon Capture & Storage
Brevik – Norway
Capacity: 400 kt CO_2 p.a.

CCS 2030
Cementa HEIDELBERGCEMENT Group
Slite – Sweden
Capacity: 1.8 mt CO_2 p.a.

CCS ~2030
Two large scale CCS projects in Eastern Europe

CCUS 2028
ANRAV Green Future Solutions
Devnya – Bulgaria
Capacity: 800 kt CO_2 p.a.

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We set new standards with our upgraded CO_2 reduction target

We have the speed, knowledge, technology, and partners to lead this transition in the sector.

We are early movers and have a sustainable cost advantage with our CCUS project pipeline.

Carbon-free and carbon-reduced products will allow for differentiated customer offerings.

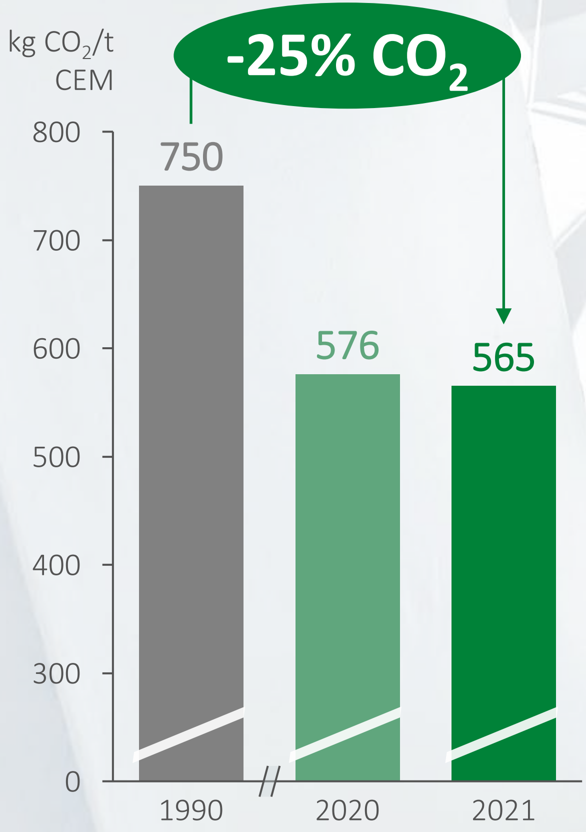
Upgraded CO_2 target for 2030:

400 kg CO_2/t

cementitious material

Key levers	Products	Clinker incorporation/ circularity
	Process	Altern. fuels /Biomass fuels rate
	CCUS	10 mt CO_2 captured (cumulative)

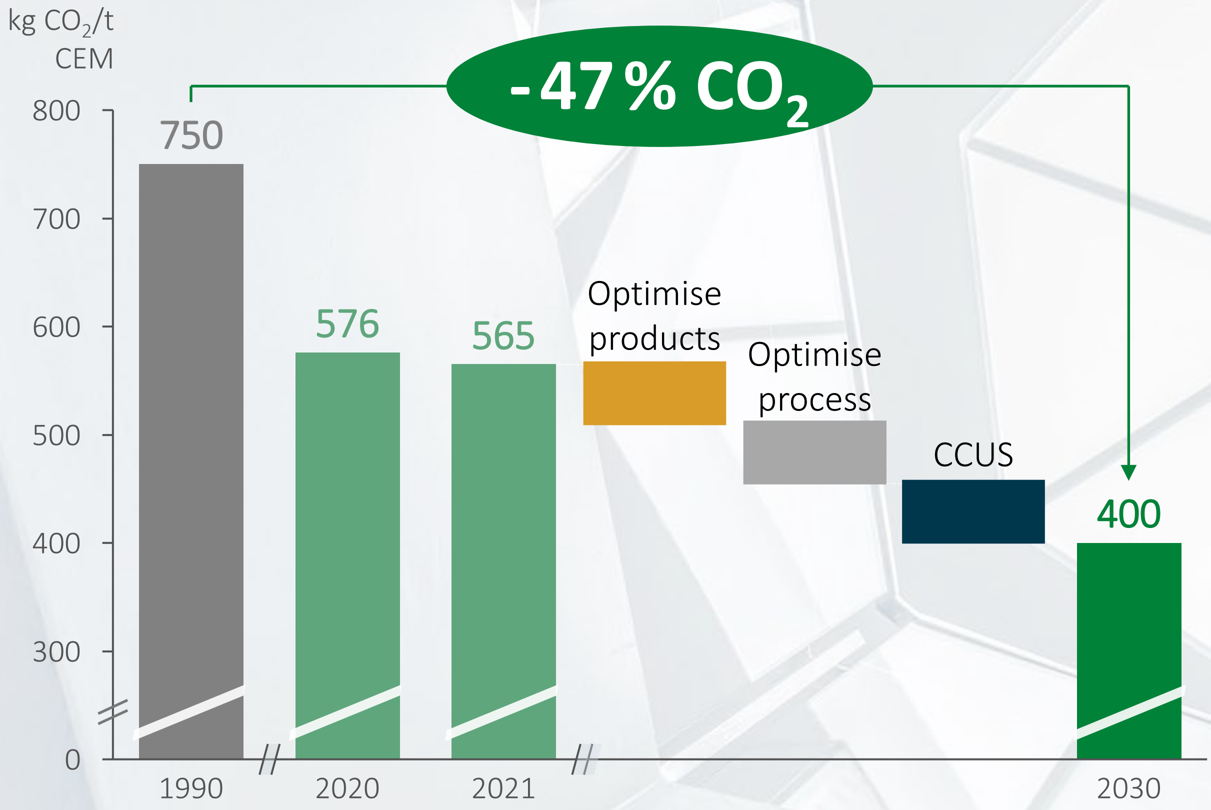
We already made significant progress in reducing CO_2 emissions



Achievements from 1990 to 2021

Products	Clinker incorporation reduced from **82% to 73%**
Process	Alternative fuels rate increased from **3% to 26%**
CCUS	Multiple CCUS pilots and studies in execution

Now it is time to take off: We sharply accelerate decarbonisation



Levers to reach our 2030 targets

Products	Clinker incorporation **< 68 %** and drive circularity
Process	**45%** Alternative fuels rate **20%** Biomass fuels rate
CCUS	**10 mt CO_2** captured (cumulative)

Our speed enables us to reach game changing milestones first

2026	Offer carbon-free cement & concrete
2030	Have an EU taxonomy-aligned CO_2 target
<2050	Achieve net zero through accelerated CCUS

About HeidelbergCement

HeidelbergCement‘s Sustainability Strategy

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Our Sustainability-Linked Financing Framework

1. Selection of Key Performance Indicators

- KPIs:
  - KPI 1: Specific net CO_2 emissions per tonne of cementitious material
  - KPI 2: tCO_2 emissions captured via CCUS
- Methodology:
  - KPI 1: Global Cement and Concrete Association (GCCA) Sustainability Guidelines
  - KPI 2:
    - For CCS projects: EU Innovation Fund calculation tool
    - For CCU technologies: 50% CO_2 emissions captured assumption
- **EU Environmental Objective:** Climate Change Mitigation
- **Contribution to SDGs:**

2. Calibration of Sustainability Performance Targets

- SPTs:
  - KPI 1:
    - Intermediate target – SPT 1(a): **KPI 1 ≤ 500 kg net CO_2 / t. cem. by 2026 (2020 baseline)**
    - Long term target – SPT 1(b): **KPI 1 ≤ 400 kg net CO_2 / t. cem. by 2030 (2020 baseline)**
  - KPI 2:
    - Long Term target – SPT 2: **KPI 2 ≥ 10mt** (cumulative) **by 2030 (2020 baseline)**
- **External validation:**
  - KPI 1: **SBTi validated** (consistent with a 2°C scenario)*
  - KPI 2: External assurance as per GCCA member obligations

3. Bond Characteristics

- **If the SPT(s) has/have not been reached at the target observation date**, as per the annual reporting published following the target observation date, a financial penalty will be payable by HeidelbergCement
- **Penalty:** coupon step-up(s) and/or a higher repayment amount
- If, for any reason, the KPI(s) performance against each SPT(s) cannot be calculated or observed, or not in a satisfactory manner, the financial penalty will be applicable

4. Reporting and Verification

- **HeidelbergCement will communicate annually** on the relevant KPIs and SPTs, making up-to-date information and reporting available
- **HeidelbergCement's performance of each selected KPI** will be verified by the External Verifier on an annual basis
- The **Framework has been reviewed** by DNV and a SPO was issued

HeidelbergCement's Sustainability-Linked Financing Framework is aligned with

The Sustainability-Linked Bond Principles

Sustainability Linked Loan Principles

Decarbonization targets were externally validated by

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Second Party Opinion provided by

DNV

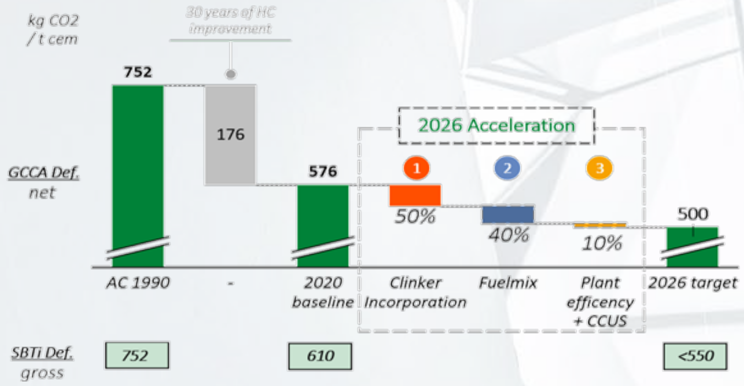
EU Taxonomy Alignment

SPT 1(b) lower than 469 kg gross CO_2 EU Taxonomy Climate Delegated Act threshold

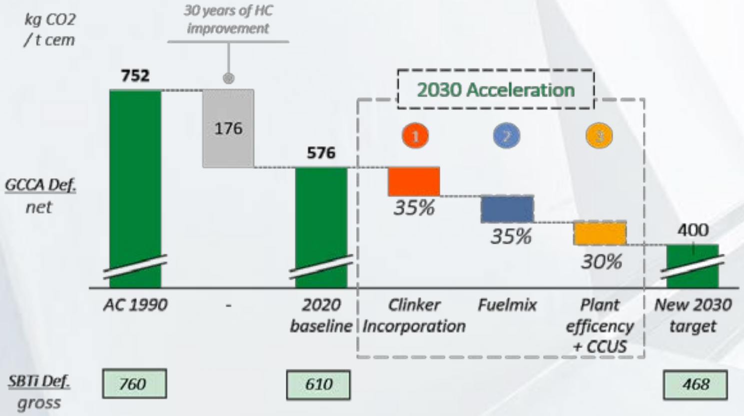
*) HeidelbergCement committed also to the UN Global Compact's Business Ambition 1.5°C. Official verification with SBTi is scheduled for September 2022.

KPI 1: Specific net CO2 emission per ton of cementitious material

SPT 1: Intermediate target



SPT 1: Long term target



Rationale for selecting KPI

- The **cement industry contributes about 7% to global industrial carbon emissions**. As the global leader, HeidelbergCement has a key role to play to address today's climate crisis
- **Scope 1 GHG emissions represent the vast majority of HeidelbergCement's carbon footprint**

Historical values

Specific CO_2 emissions – net (Scope 1) as published in reporting year	
2018	598.6
2019	589.6
2020	576.0
2021	565.0

Strategy to achieve the SPTs

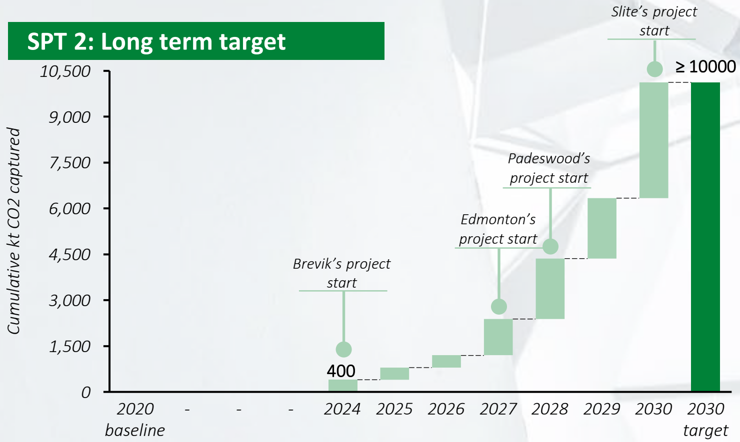
- **Measures to achieve both targets are the same, but the mix is different from 2026 to 2030 as CCUS initiative will play a more significant role**
- **Conventional measures**:
  - Upgrading existing facilities and consolidating plant portfolio
  - Establishing separate grinding facilities
  - Use of alternative fuels
- **Circular Economy & Innovative Products (e.g. alternative binders)**
- **CCUS technologies**

Main risks to achieve the SPTs

- **Availability of alternative fuels and raw materials**
- **Increase in logistic costs**
- **Limited spread of new technologies**
- **No global level-playing field for carbon price schemes**

KPI 2: Increase of tons of CO_2 emissions captured via CCUS technologies

SPT 2: Long term target



Site*	Technology	CO_2 captured when at full capacity ($ktCO_2$/a)
Brevik	Post-combustion	400
Edmonton	Post-combustion	780
Padeswood	Post-combustion	800
Slite	Post-combustion	1,800

Rationale for selecting KPI

- CCUS projects play a critical role to **HeidelbergCement's net zero ambition** as **complete carbon emissions abatement in the cement manufacturing is unattainable** at the current state of advancement
- There are **no economically viable alternatives existing** and carbon emissions generated in the process cannot be completely tackled using established techniques (i.e. use of alternatives fuels, clinker substitution)

Historical values

Tons of CO_2 emissions captured via CCUS	
2018	0
2019	0
2020	0
2021	0

- No historical data exists as no CCUS project in the cement industry has ever been fully operational
- HeidelbergCement is leading the industry in the development of CCUS technologies and has been running several pilot projects
- Given that no industrial scale application has been established so far, it is not yet possible to peer benchmark the target
- HeidelbergCement's Brevik project, that will come online in 2024, will be the first-ever fully operational industrial scale CCS project in the cement industry

Strategy to achieve the SPT

- Three technologies for CO_2 capture:
  - Post-Combustion capture
  - Oxyfuel
  - Direct Separation
- The captured CO2 is then either sequestrated (in onshore or offshore facilities) or used as raw material in other processes

Main risks to achieve to SPT

- **Technological risk**
- **Public acceptance**
- **Availability of supplies** (especially raw materials or technologies)
- **Increase in costs of supplies**
- **Decrease in industrial collaborations**
- **Regulatory environment**
- **Market demand**

*) The projects in the table are the ones already announced, others are currently in the planning and feasibility stages

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Second Party Opinion

DNV's opinion

1. Selection of Key Performance Indicators

DNV confirms that both KPIs are relevant, core, and material to the Group's overarching Corporate Sustainability Strategy.

2. Calibration of Sustainability Performance Targets

DNV confirms that the SPTs represent a material improvement in the respective KPIs and are beyond a "Business as Usual" trajectory, both are set on a predefined timeline, are consistent with HeidelbergCement's overall Corporate Sustainability Strategy, and refer to science in line with the SLBP and SLLP.

3. Bond Characteristics

DNV confirms that HeidelbergCement's commitment to the sustainability-linked bond and loan characteristics are in line with the requirements of the SLBP and SLLP.

4. Reporting and Verification

DNV confirms HeidelbergCement's commitment to annual reporting and this is in line with the requirements as set out by the SLBP and SLLP.

"HC's targets are leading, have set a benchmark for the industry, and outperform the level of ambitiousness of its direct peers."

"In recent years, HeidelbergCement has made significant investments in the development of advanced CCUS technologies, demonstrating it has become a global pioneer in this field."

"Today all operational CCUS facilities globally are capturing and storing 40 million tonnes CO2 annually. Initial projects identified by HeidelbergCement represent 3.78Mt CO2 stored annually, almost 10% of today's global operational capacity."

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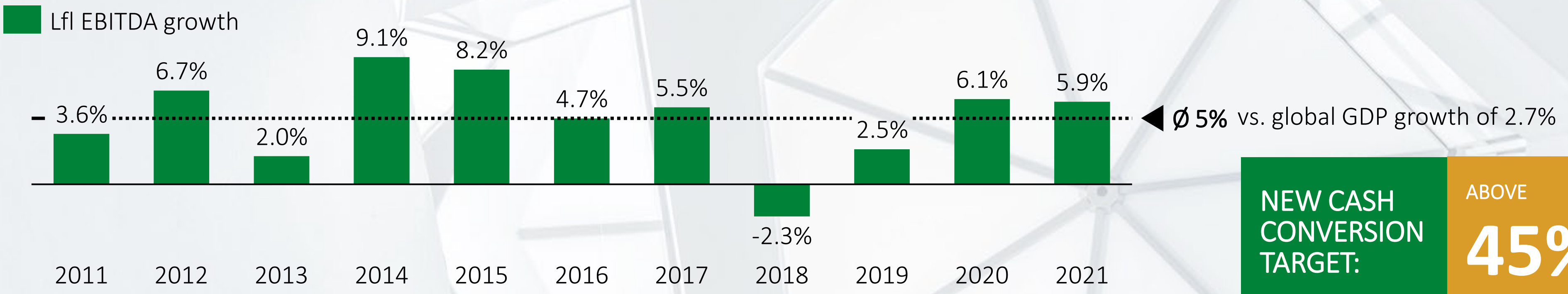
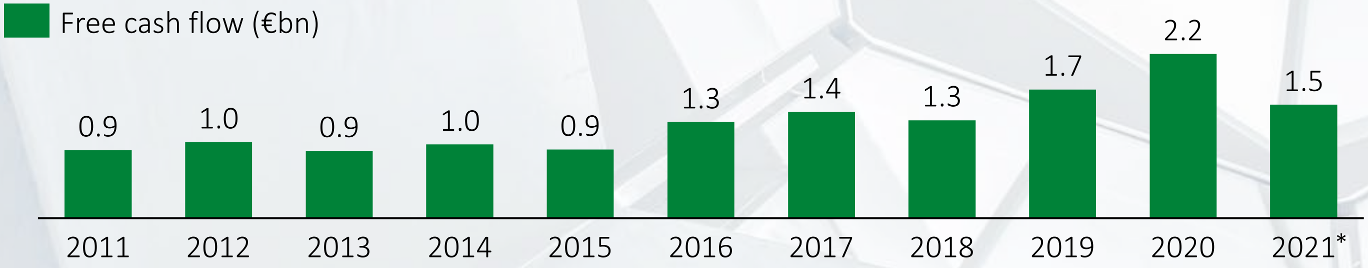
Low EBITDA volatility and strong growth combined with a high cash generation

Well balanced footprint and product portfolio >> Stable and solid EBITDA development

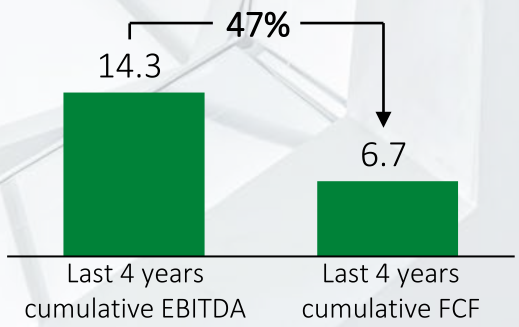


NEW CASH CONVERSION TARGET: ABOVE **45%**

Clear focus on cash >> High cash conversion rate leading to strong FCF generation



Last 4 year cash conversion rate



* Excluding tax payments US West disposal

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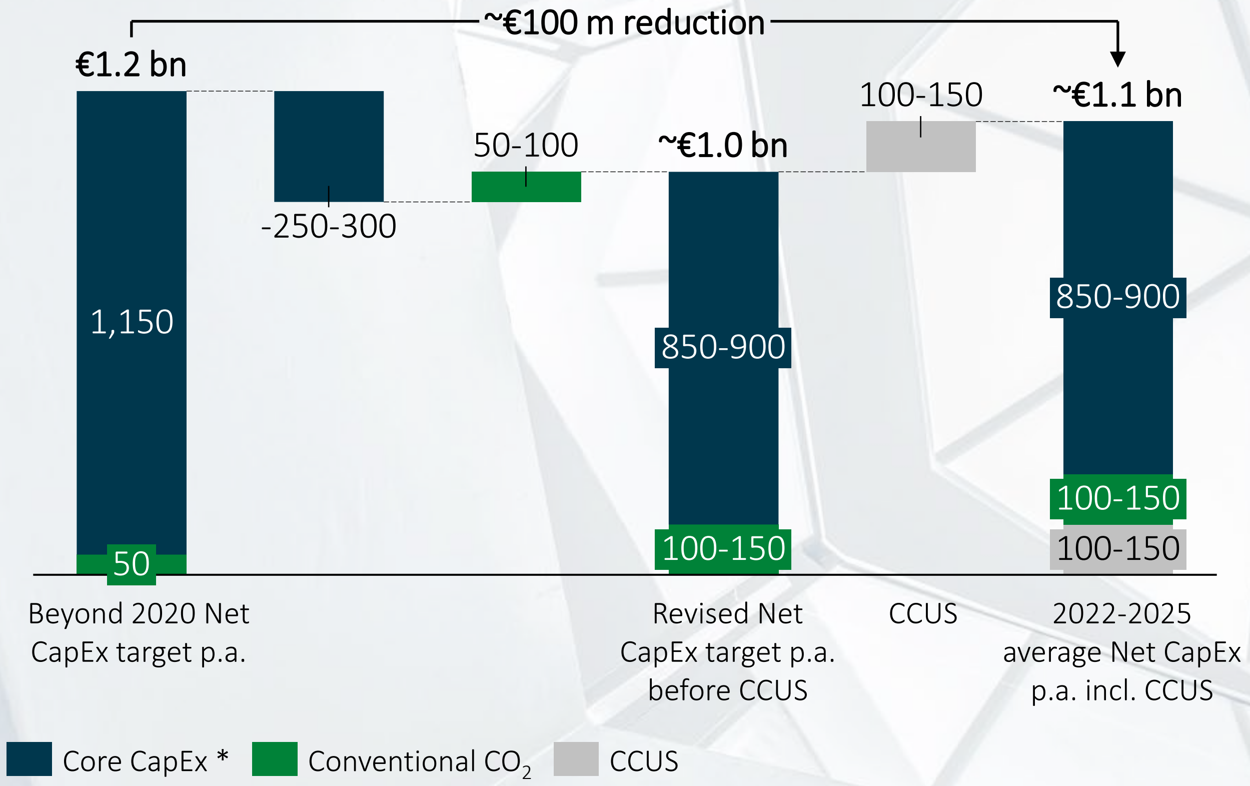
Core Capex drastically reduced in favour of conventional CO_2 and CCUS capex

Net CapEx spending p.a.

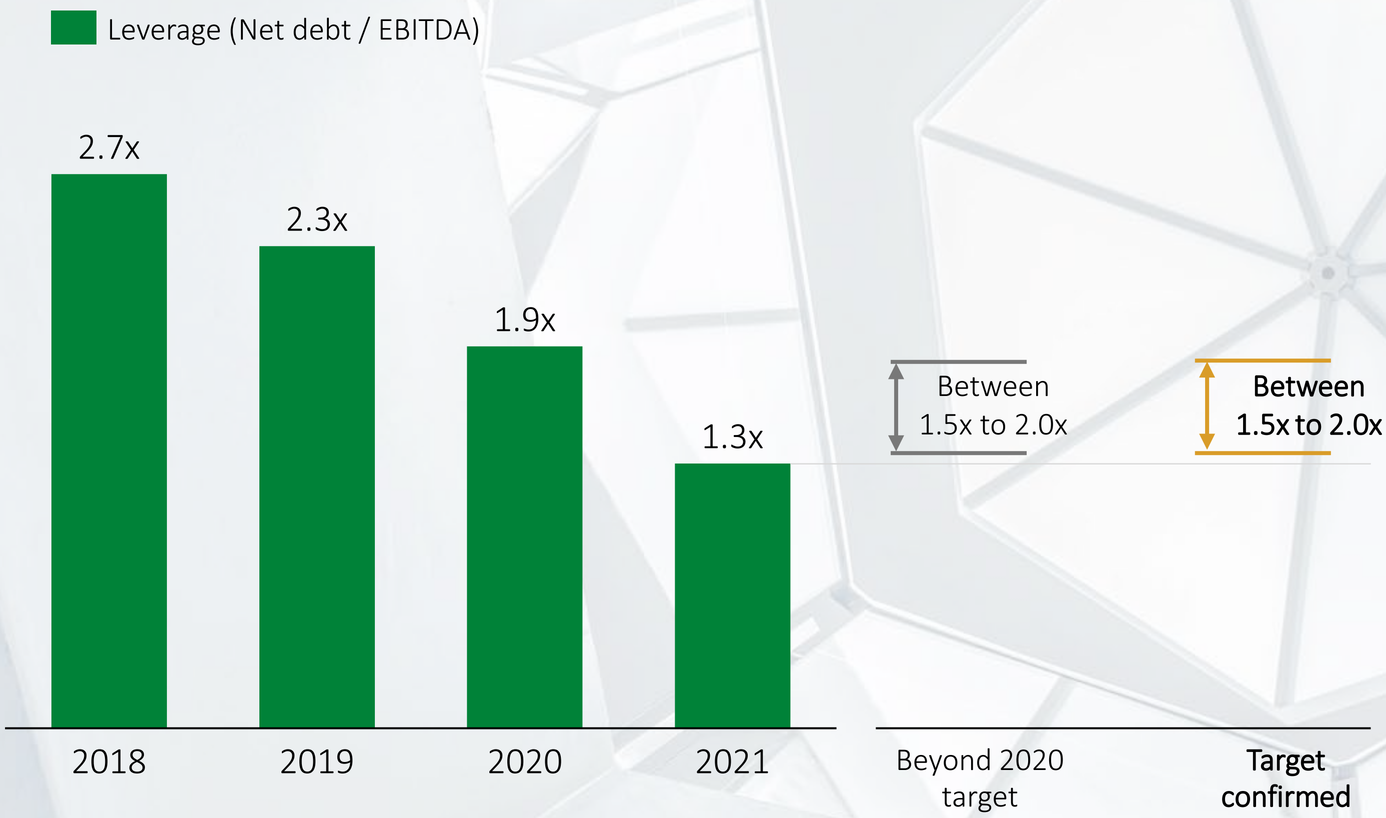


1. **Core CapEx** down by €250-300 m p.a.
2. **Conventional CO_2 CapEx** up +€50-100 m p.a.
3. **CCUS** added as new category
4. **Total Net CapEx until 2024 will be below €1.1 bn** as major CCUS spend accelerating only during 2025-2028
5. Indicative CCUS CapEx **2025-2030** around **€200m p.a.** on average

NEW NET CAPEX TARGET INCL. CCUS: AROUND **€1.1 bn**

* Core CapEx: Maintenance, improvement and other tangible FA related CapEx, including brown & green field projects.

Our leverage is at a very comfortable level, target BBB flat rating well-secured



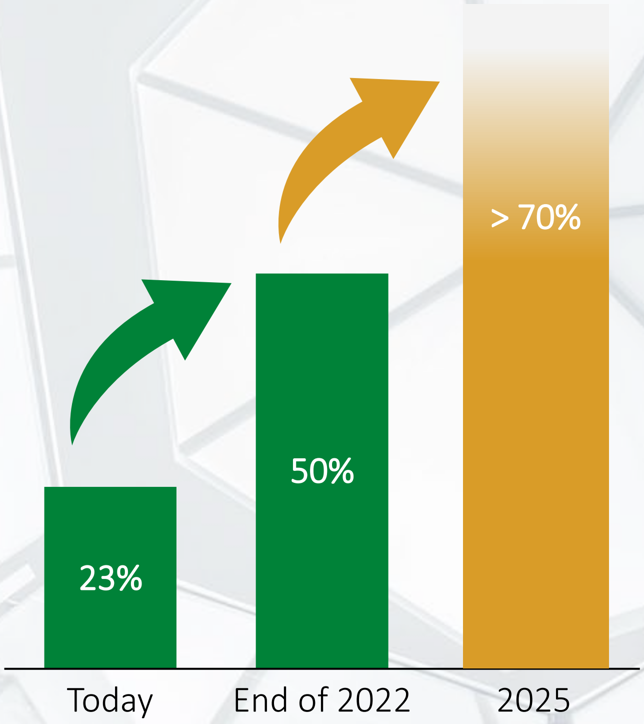
NO CHANGE IN LEVERAGE TARGET: **1.5x to 2.0x**

More than 70% of our financial instruments will be sustainable by 2025

Linking financing to climate change and innovation

Overview as of today:	Pricing adjustment
Sustainability-linked loan (RCF)	✓
KfW / EIB loans	Use of proceeds concept
Planned in 2022:	**Pricing adjustment**
Sustainability-linked bonds	✓
CP-Programme	✓

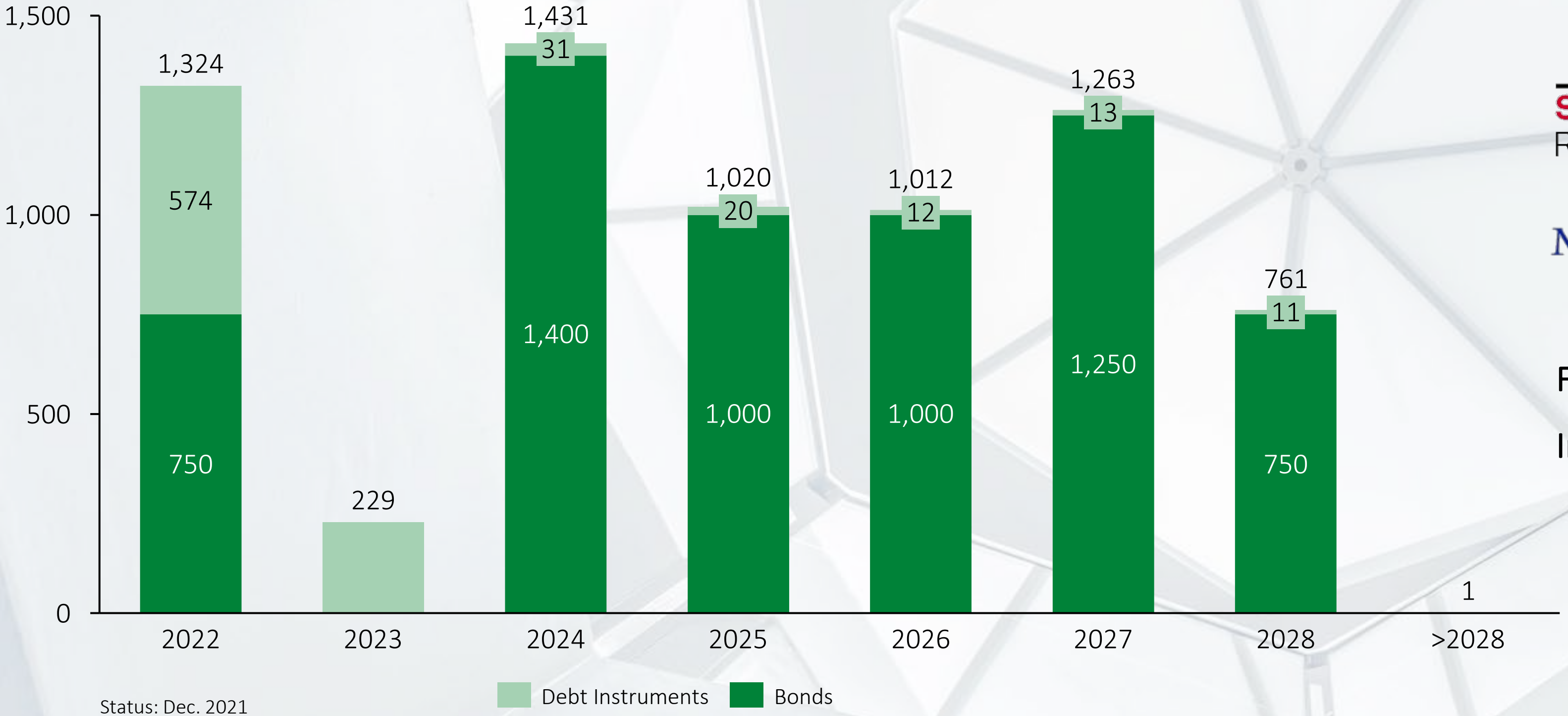
Sustainable/green as % of total financial instruments



SUSTAINABLE FINANCING: MORE THAN 70% BY 2025

Maturity profile & credit rating

Maturity profile gross financial debt in €m



Status: Dec. 2021

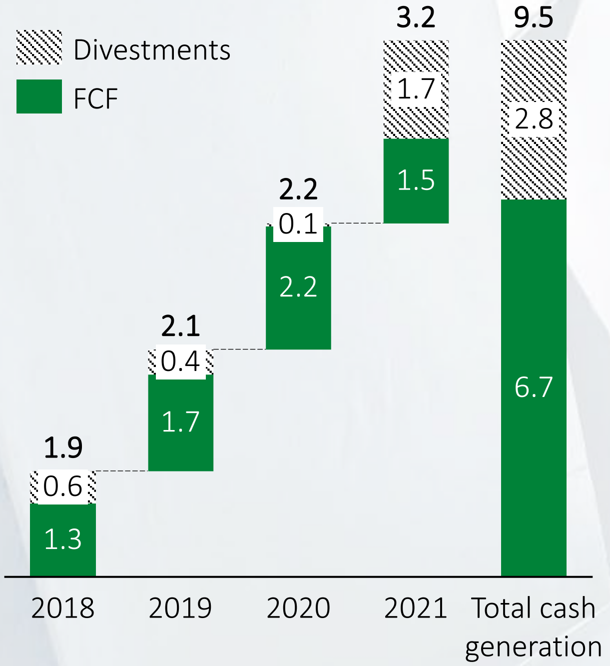
S&P Global Ratings BBB (stable)

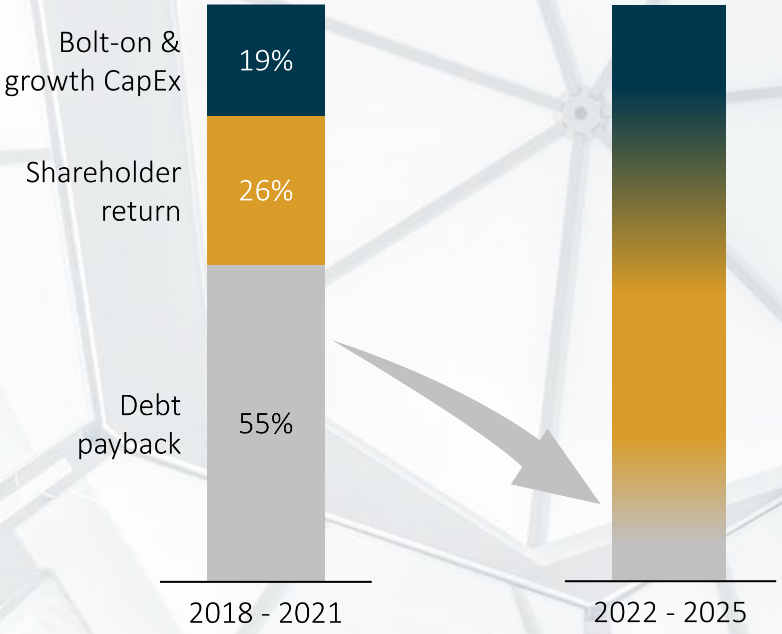
Moody's Baa2 (stable)

Fully committed to solid Investment Grade Rating

Strong cash generation, focus on shareholder return and growth

Cash generation 2018-2021	Cash allocation 2018-2021	Cash allocation 2022-2025
€6.7 bn FCF in last 4 years	Focus was mainly on debt payback	Focus on shareholder return and growth





Clear commitments unchanged:

- Leverage 1.5x to 2.0x
- Progressive dividend increase

Further allocation potential going forward – but disciplined excess cash usage continues:

- Profitable growth
- Share buyback as flexible option

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We set ambitious new targets for 2025

Key figure	Beyond 2020 target	Current status	New targets 2025
EBITDA margin	22% by 2025 (+300 bps vs. 2019)	End of 2021: 20.7% (+171 bps vs. 2019)	20-22% by 2025 =
ROIC	Clearly above 8%	End of 2021: 9.3% ✓	Above 10% +
Leverage	1.5x to 2.0x	End of 2021: 1.3x ✓	1.5x to 2.0x =
Net CapEx	Below €1.2 bn p.a. excl. CCUS	2020-2021 average €1.0 bn ✓	Around €1.1 bn p.a. incl. CCUS +
Cash conversion rate	Around 45%	Achieved 2019-2021 ✓	Above 45% +
Sustainable financing	-	23%	>70 % +
Dividend policy	Progressive increase	Yes ✓	Progressive increase confirmed =
Share buyback	Flexible option	€1 bn announced in 2021 ✓	Flexible option =

Disclaimer

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Unless otherwise indicated, the financial information provided herein has been prepared under International Financial Reporting Standards (IFRS).

This presentation contains forward-looking statements and information. Forward-looking statements and information are statements that are not historical facts, related to future, not past, events. They include statements about our believes and expectations and the assumptions underlying them. These statements and information are based on plans, estimates, projections as they are currently available to the management of HeidelbergCement. Forward-looking statements and information therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

By their very nature, forward-looking statements and information are subject to certain risks and uncertainties. A variety of factors, many of which are beyond HeidelbergCement's control, could cause actual results to defer materially from those that may be expressed or implied by such forward-looking statement or information. For HeidelbergCement particular uncertainties arise, among others, from changes in general economic and business conditions in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets; the possibility that prices will decline as result of continued adverse market conditions to a greater extent than currently anticipated by HeidelbergCement's management; developments in the financial markets, including fluctuations in interest and exchange rates, commodity and equity prices, debt prices (credit spreads) and financial assets generally; continued volatility and a further deterioration of capital markets; a worsening in the conditions of the credit business and, in particular, additional uncertainties arising out of the subprime, financial market and liquidity crises; the outcome of pending investigations and legal proceedings and actions resulting from the findings of these investigations; as well as various other factors.

More detailed information about certain of the risk factors affecting HeidelbergCement is contained throughout this presentation and in HeidelbergCement's financial reports, which are available on the HeidelbergCement website, www.heidelbergcement.com. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement or information as expected, anticipated, intended, planned, believed, sought, estimated or projected.

In addition to figures prepared in accordance with IFRS, HeidelbergCement also presents alternative performance measures, including, among others Operating EBITDA, EBITDA margin, Adjusted EPS, free cash flow and net debt. These alternative performance measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Alternative performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways.
"Operating EBITDA" definition included in this presentation represents "Result from current operations before depreciation and amortization (RCOBD)" and "Operating Income" represents "Result from current operations (RCO)" lines in the annual and interim reports.