

Alternative Fuels & Raw Materials (AFR) Policy

The Alternative Fuels & Raw Materials (AFR) Policy of Heidelberg Materials refers to our commitment to help reduce our consumption of fossil fuels and natural raw materials. We achieve this by co-processing¹ waste-derived materials and by-products of other industries. This policy is part of the global policy framework of Heidelberg Materials which is binding for Heidelberg Materials AG and all companies that Heidelberg Materials AG directly or indirectly controls. We have established governance structures to achieve the objectives of this policy, with the respective Managing Board member in charge of this topic.

Commitments

1. Committing to increasing the use of alternative fuels and alternative raw materials

Heidelberg Materials is committed to decrease the consumption of fossil fuels and natural raw materials. We aim to achieve this by increasing our alternative fuel rate to 45% and the proportion of biomass in the mix of alternative fuels to 20% by 2030.

In addition to alternative fuels, we aim to increase the use of alternative raw materials in both clinker and cement production and are working on the cradle-to-cradle use of waste concrete. We set the target of reducing the clinker ratio, i.e. the proportion of clinker in cement, to 68% by 2030.

We are actively working to secure the necessary quantities of sustainable alternative fuels and raw materials for our future production.

2. Contributing to the circular economy and environmental benefits

Alternative fuels and raw materials (AFR) are waste-derived materials that are pre-processed² to be co-processed in the cement sector, replacing fossil fuels and natural raw materials without any impact on the quality of our final products. They are a major pillar to reduce our CO₂ emissions. We focus on wastes which are not recyclable and would otherwise be discarded. We therefore reduce the need of waste disposal and waste treatment in pure waste incineration plants and contribute to the circular economy.

Co-processing alternative fuels and raw materials in clinker kilns uses the waste's energy content and at the same time also embeds its ashes into the clinker as raw material. The high temperatures in the clinker kiln and the long duration/residence time at high temperatures allow for an environmental sound treatment of pre-processed waste/ enable the pre-processed waste to be

¹ Co-processing refers to the controlled use of waste-derived alternative fuels and raw materials in the clinker and cement production process, where they are burned as fuel and/or provide raw material. Only qualified waste materials may be used for this process.

² Pre-processing refers to preparing/processing of waste to make it suitable for co-processing in cement kilns or clinker grinding. Waste is converted from a discarded material to a resource, so-called AFR.

treated in an environmentally friendly manner. Processing AFR in the cement sector needs to meet strict emission standards.

3. Responsible sourcing

Heidelberg Materials only uses AFR whose sources are known and which comply with the regulations and our own standards. We select our suppliers based on company procedures and audit them regularly to ensure that the supply chain meets our standards and legal/regulatory requirements.

We adhere to the waste hierarchy as we focus on non-recyclable wastes as alternative fuels and alternative raw materials. We do not focus on the use of waste materials in cement kilns if ecologically and economically better ways of recovery are available.

Heidelberg Materials strives for locally sourced alternative fuels and alternative raw materials and thus supports local waste management. Imports of AFR, including international streams, are only considered if local AFR are not available by quality or quantity. All imports are strictly performed in accordance with applicable regulations.

4. Responsible use of AFR

Heidelberg Materials ensures compliance with regulations and that the high quality of our products is maintained.

Protocols and guidelines for transporting, unloading, storage, handling, analysing, and usage of AFR are in place, are followed up and are revised regularly to ensure that AFR are handled in a safe and environmentally responsible way. Special rules apply for health and safety to ensure there is no impact on our employees or neighbours. Internal and external audits check and certify this approach on a regular basis.

5. Reporting

In its Annual and Sustainability Report, Heidelberg Materials reports on the alternative fuel rate, the proportion of biomass, and the clinker ratio. We also report the proportion of alternative raw materials in clinker and cement.

The impact of the use of AFR on the reduction of the CO₂ emissions is regularly audited by internal and external bodies and reported in accordance with national obligations and international standards.

6. Engaging with stakeholders and advocacy

Heidelberg Materials engages with local communities and other/further stakeholders as a transparent, reliable, and trustworthy company. We organise open days, plant tours, and regularly inform the local communities about the types of AFR we use, the technology we have in place and how we assure the lowest possible impact to/minimise the impact on the environment³.

Heidelberg Materials is engaging in the associations of which it is a member of in order to enable the regulatory framework for increasing the use of AFR in the cement sector.

³ Please also refer to the Heidelberg Materials Community Engagement Policy

Heidelberg Materials advocates for policies enabling access to sustainable biomass waste and the use of alternative fuels. We call for the acknowledgement/recognition of co-processing in waste hierarchies and the limitation of landfilling of waste.