



# **Policy Statement on Human Rights - Heidelberg Materials**

Scope: Heidelberg Materials AG and all companies directly or indirectly controlled by it  
Approver: Managing Board  
Issued: 26 July 2023

# Table of Contents

- 1. Statement of Commitment ..... 3**
  - 1.1. Scope and Overall Strategy ..... 3**
  - 1.2. Guiding Principles ..... 4**
  - 1.3. Expectations Towards our Managers, Employees, and Business Partners 4**
  
- 2. Core Objectives ..... 4**
  - 2.1. Prohibition of Child Labour ..... 5**
  - 2.2. Prohibition of Forced Labour and all Forms of Slavery ..... 5**
  - 2.3. Occupational Health and Safety ..... 5**
  - 2.4. Freedom of Association ..... 5**
  - 2.5. Equality in the Workplace ..... 6**
  - 2.6. Appropriate Remuneration for Work..... 6**
  - 2.7. Respect for Land Rights ..... 6**
  - 2.8. Lawful Use of Private and Public Security Forces ..... 7**
  - 2.9. Environmental and Climate Protection ..... 7**
  
- 3. Managing Human Rights and Environmental Obligations ..... 7**
  - 3.1. Governance Structure and Due Diligence Processes ..... 7**
  - 3.2. Risk Analysis..... 8**
  - 3.3. Preventive and Remedial Measures ..... 11**
  - 3.4. Grievance Mechanism..... 15**
  - 3.5. Effectiveness Review ..... 16**
  - 3.6. Documentation and Reporting ..... 16**
  
- 4. Amendments and Updates..... 17**
  
- 5. Policy Adoption ..... 17**

# 1. Statement of Commitment

## 1.1. Scope and Overall Strategy

Heidelberg Materials AG, collectively with its subsidiaries around the world, (“**Heidelberg Materials**”) is one of the world’s largest integrated manufacturers of building materials and solutions with leading market positions in cement, aggregates, and ready-mixed concrete. Furthermore, we produce other composite materials such as asphalt and precast concrete elements. Heidelberg Materials has operations in more than 50 countries on four continents and has around 51,000 employees at almost 3,000 locations. It has business relations with more than 120,000 suppliers worldwide. Our products and services are used to construct buildings, infrastructure, commercial and industrial facilities.

As parent company of a global group, we are aware of the impact we can have on human rights and the environment and we accept the responsibility that comes with it. This Policy Statement sets out our human rights strategy and applies to all Heidelberg Materials companies. It encompasses our commitment to responsible corporate governance, guiding principles and main objectives with regard to human rights and the environmental, including the promotion of diversity, equity, and inclusion, as well as the protection of the climate and the environment.

We are aware of the significant contribution that our industry can make to the economic aspects of the United Nations Sustainable Development Goals (SDGs). In this regard, Heidelberg Materials creates jobs and promotes local economic development with locally paid wages, investments, purchases, and taxes, particularly in economically weak regions. We are also aware of the risks of our business activities for some aspects of the 2030 Agenda for Sustainable Development, such as the environment and climate change, land rights, health, and wellbeing. In this context, our Sustainability Commitments 2030 guide the sustainability strategy of Heidelberg Materials. They cover topics under four headings: Net Zero, Circular & Resilient, Nature Positive, and Safe & Inclusive. The SDGs shape our strategy, which aligns with UN Guiding Principles on Business and Human Rights and other initiatives<sup>1</sup>.

The path for Heidelberg Materials to adequately contribute to human rights starts by identifying its adverse impacts and correlating them with goals and targets. The due diligence process adopted by our company and how we manage our negative impacts, both preventively and correctively, allows us to avoid or eliminate the impacts of our business activities on the people and the environment. And over time, it will enable us to contribute positively to upholding human rights while, with the lessons learned, promoting good governance in these areas, ultimately contributing to the realisation of the SDGs.

---

<sup>1</sup> Initiatives like the OECD Guidelines for Multinational Enterprises and the German Act on Corporate Due Diligence in Supply Chains.

## 1.2. Guiding Principles

Heidelberg Materials' commitment to respect human rights in our business area and the supply chain is aligned with the Universal Declaration of Human Rights and the UN Guiding Principles for Business and Human Rights. To cover human rights and environmental impacts that our activities might cause directly or indirectly, we use global values and internationally recognised standards as guidance, in particular:

- The International Covenant on Civil and Political Rights.
- The International Covenant on Social, Economic and Cultural Rights.
- The core labour standards of the International Labour Organization (ILO); including, but not limited to, (i) the right to enjoy just and favourable conditions of work, including earning a living wage, (ii) the right not to be subject to forced or compulsory labour or child labour, (iii) the right to freedom of association and assembly as well as the rights to organise and collective bargaining, and (iv) the right of non-discrimination at work.
- The OECD Guidelines for Multinational Enterprises.

In all countries where national laws, rules, or customs deviate from international human rights standards, we will make every effort to observe the underlying principles reliably and adequately. As a minimum, we comply with applicable laws and regulations as the legal basis of our business activity. Also, for our operations in countries experiencing armed conflicts, we conduct our activities conflict-sensitively according to the standards set by International Humanitarian Law. As a Germany-based enterprise, we comply with the obligations set forth in the German Act on Corporate Due Diligence Obligations in Supply Chains (*Gesetz über die unternehmerischen Sorgfaltspflichten in Lieferketten*).

## 1.3. Expectations Towards our Managers, Employees, and Business Partners

All Heidelberg Materials companies, its directors, executives and employees shall always comply with the principles laid out in this Policy Statement. We expect all our stakeholders and business partners, including our suppliers and joint venture partners, to act in ways that meet fundamental human rights and environmental responsibilities stated in this policy and to address human rights and environmental violations that they may cause or contribute to. With regards to our suppliers, we expect them to commit to pass on such expectations and obligations to their own suppliers.

## 2. Core Objectives

At Heidelberg Materials, we are fully committed to avoid causing or contributing to adverse human rights and environmental impacts by action or omission through our own operations or supply chain and addressing such impacts. Our efforts focus on our own sites and employees as well as on employees of our business partners, particularly our suppliers, and the people and communities surrounding our sites. We acknowledge that vulnerable groups, such as women, children, refugees, indigenous peoples, young workers, migrant workers, disabled persons, elderly persons, members of the LGBTQI+

community, and other minority groups, may require our special consideration to ensure that we do not adversely affect their equal and effective enjoyment of human rights in relation to our operations and supply chains.

To properly fulfil our duty, we commit to comply with internationally recognised human rights standards in the following areas.

### **2.1. Prohibition of Child Labour**

Around 160 million girls and boys are in child labour worldwide, deprived of schooling, their childhood, potential, and dignity. We take a clear position against child labour. This includes all forms of slavery or practices similar to slavery, child trafficking, child prostitution and other activities harmful to the health, safety, or morals of children, particularly the production and trafficking of drugs. The minimum age for employment, activities, and the number of hours a week shall be determined in accordance with national law and the standards of the International Labour Organization.

### **2.2. Prohibition of Forced Labour and all Forms of Slavery**

Forced or compulsory labour affects more than 27 million people in the world. It is often present in industries with informal workers, and unfortunately, it is not easy to identify. Heidelberg Materials rejects any form of forced labour as well as any form of (modern) slavery, such as extreme economic or sexual exploitation and degradation. This includes any work or service that is required of a person under threat of punishment and for which the person has not voluntarily made himself or herself available, for example, as a result of violence, intimidation, debt bondage, retention of identity papers, threats of denunciation to immigration authorities or human trafficking. Heidelberg Materials demands that employment relationships are only entered into and maintained voluntarily. Employees have freedom of movement, the right to freely enter and exit the work premises and shall be free to leave employment after reasonable notice.

### **2.3. Occupational Health and Safety**

Taking care of our employees, contractors and communities is an integral part of our business activities. Convinced that injuries, occupational illnesses, mental health issues and diseases are preventable, we are continuously striving to minimise risks to our employees, contractors and communities, in our pursuit of zero harm. We are committed to conducting our business in accordance with all applicable local, regional, national and international legislation as well as our internal Health & Safety standards and procedures.

### **2.4. Freedom of Association**

The building materials industry has been associated with infractions on the right to freedom of association and collective bargaining. We, at Heidelberg Materials, stand for social dialogue and recognise the right of workers to freely associate in or join trade unions, the right to strike and the right to collective bargaining. We acknowledge

workers' right to be protected of anti-union discrimination and that the formation, joining or membership in a trade union shall not negatively impact the working atmosphere, the occupational career path, or the salary level.

## **2.5. Equality in the Workplace**

The building materials industry has traditionally been male dominated, with women facing disadvantages in hiring and being subject to gender biases across its value chain. We are committed to promoting equality of opportunity in employment or occupation and strive for equal gender participation at all levels. Hiring and professional development decisions must be made based on the requirements of the company based on qualification, professional suitability, quality of work, and personal commitment. At Heidelberg Materials, we do not tolerate any form of (unlawful) discrimination, harassment, or violence, instead promote inclusion, follow our guidelines, and treat every individual with respect regardless their personal national, race, ethnic or social origin, age, religion or belief, disability, sexual orientation or identity, and political opinion.

## **2.6. Appropriate Remuneration for Work**

Remuneration is a crucial aspect of working conditions. Heidelberg Materials recognises the principle of equal pay for work of equal value. Appropriate and performance-related remuneration ensuring satisfactory living conditions for workers and their families should be provided, irrespective of gender or origin. This includes timely and fair remuneration that is at least equal to the minimum wage of the respective country.

## **2.7. Respect for Land Rights**

Companies operating in the building materials industry face challenges related to land rights. Some of the most common problems are access to land for agriculture, unfairly negotiated land acquisition, land use change and community resettlement. In conflict and post-conflict contexts, land constitutes a crucial element, and it is central to the identity and existence of indigenous peoples and communities with deep traditional ties to the land. Indeed, the cultural rights of indigenous peoples may be impacted by extractive operations which might be located in or close to indigenous lands.

Heidelberg Materials recognises the critical role in contributing to sustainability as a resource supporting local environmental, social, and economic needs. We are committed to responsible land use and management, to the prohibition of unlawful eviction and the ban on illegal deprivation of land, forests and waters, the use of which secures the livelihood of one or more persons. We acknowledge people's right to self-determination and land-dependant communities' participation rights. This includes, concerning to indigenous groups, the rights set out in the ILO Indigenous and Tribal Peoples Convention (No. 169) in particular, the indigenous' right to free, prior and informed consent.

## **2.8. Lawful Use of Private and Public Security Forces**

To maintain security and safety, large-scale extractives operations may employ private or public security forces, which may put at risk the human rights of employees and community members if they oppose the company. When private security services or public security forces are engaged at our sites, Heidelberg Materials shall instruct and control the security forces properly to avoid any kind of unlawful force or repression. We ensure that the prohibition of torture or cruel, inhuman, or degrading treatment, the right to the integrity of life and limb, as well as the freedom of association are not impaired.

## **2.9. Environmental and Climate Protection**

Impact on the environment can profoundly affect human health and well-being. Water consumption is among the building materials industry's most significant effects on human rights. It can affect communities' access to this resource and their health due to poor water quality. Community health is also affected by exposure to pollutants in the air or soil. Other impacts include increased road traffic, vibrations, loss of biodiversity and vegetation on the surface. In addition, our industry has a high energy demand, and energy- but also process-related CO<sub>2</sub> emissions.

Heidelberg Materials recognises the right of everybody to a clean, healthy and sustainable environment. We acknowledge that land, water, air, biodiversity, and natural resources are central to meeting people's social, economic, and cultural needs. We are committed to decarbonisation, to drive circularity to recycle and reuse materials, as well as to reduce the use of natural resources, to reduce or avoid pollution, and to conserve and positively enhance biodiversity. We take our commitment to our environment and future generations seriously. We pay attention to sustainability and environmentally friendly actions and follow relevant international, national, and/or local environmental legislation.

We respect the rules of the Minamata, Stockholm, and Basel Conventions required for our business, even where national standards deviate from their requirements. In any case, we comply with applicable laws and regulations as the legal basis of our business activity.

## **3. Managing Human Rights and Environmental Obligations**

Respecting human rights is the duty of each and every person working at Heidelberg Materials. As an integral part of our operations and our relationship with suppliers, we established appropriate processes that enable us to apply the UN Guiding Principles to avoid and address any adverse human rights impacts in which we may be involved.

### **3.1. Governance Structure and Due Diligence Processes**

Our Group Human Rights Compliance Management Policy sets out the Heidelberg Materials human rights compliance management system that is designed to meet our human rights commitments, including the definition of human rights responsibilities

across our organisation. This policy is binding for all employees of Heidelberg Materials.

The compliance organisation is under the authority of the Chairman of the Managing Board of Heidelberg Materials AG, to whom the Director Group Legal & Compliance reports directly. The Compliance function, including the board-appointed Group Human Rights Officer, is responsible for the development, implementation and monitoring of Heidelberg Materials' Human Rights Compliance Management System and for reporting to the Managing Board on the results of the due diligence process. The Environmental Social Governance (ESG) department is responsible for implementing the environmental aspects of the Human Rights Compliance Management System. The ESG department is overseen by the Chief Sustainability Officer, who is a member of the Managing Board.

To implement the human rights compliance programme, every country organisation has appointed a Human Rights Coordinator responsible to monitor human rights compliance management and an Environmental Expert to partner in assessing and addressing human rights impacts related to environmental aspects. The Human Rights Coordinators in the country organisations, with the support of Group Legal & Compliance, are leading and coordinating the human rights efforts in the respective country. However, due to the overarching nature of human rights, other departments are responsible for specific aspects of the Human Rights Compliance Management System. In this regard, the Human Rights Coordinators are supported by a cross-functional team conformed of ESG, Procurement, Human Resources, Health and Safety and Communication departments.

Core of the human rights compliance management system is the due diligence process which consists of human rights risk assessments, the design and implementation of preventive, mitigative and remedial measures. Further, the human rights compliance management system also considers the effectiveness of the of the implemented measures, as well as their documentation and reporting. Environmental aspects are dealt with on a regular basis. In addition, a large share of our locations is equipped with an environmental management system (ISO 14001 or similar). Community engagement plans cover environmental protection in relevant cases<sup>2</sup>. Heidelberg Materials' due diligence process is continuously improved and adapted, amid the results of the risk assessments and the effectiveness evaluation of the implemented measures, in order to ensure that risks are adequately identified and addressed.

### **3.2. Risk Analysis**

Since 2017, we have conducted human rights risks assessments approximately every three years, using internationally recognised human rights standards as a reference point. From 2023, we have established a due diligence process that will be conducted once a year and on an ad-hoc basis to identify impacts that may cause conflicts with these standards. Particularly, our human rights risk assessment allows us to identify

---

<sup>2</sup> The community engagement plan provides a summary of the community, the linkages with our operations and potential impacts, Group Guidance of Community Engagement Plan, ESG, 2021.



impacts that Heidelberg Materials causes directly, the ones that we contribute to, as well as the impacts that are indirectly linked to our operations, products, or services through our business relationships in particular the supply chain.

Our human rights risk assessments cover potential and actual impacts<sup>3</sup> and combine research as well as internal and external dialogue. Furthermore, the impacts of any new investment on our human rights and environmental obligations are also part of our due diligence process. Human rights, the environment and business considerations are all taken into account when making investment decisions.

In case of significant changes in our business activity, such as the introduction of new products, projects, and the beforementioned expansion of the business activity, or a significantly changed risk exposure, and in case of substantiated knowledge about a likely human rights or environmental violation at an indirect supplier, we will conduct ad-hoc risk assessments and act accordingly. This includes selecting appropriate preventive measures vis-a-vis the party responsible, developing and implementing corrective measures, and updating this policy statement, if necessary.

### **3.2.1. Own Operations**

An abstract or gross risk assessment identifies and assesses the potential impacts within our country's organisations. Through cross-checking information and sources on human rights and environment-related risks, we identify: (i) which impacts are typical for the building materials industry; (ii) which human rights and environmental risks exist in all countries in which we are active, and (iii) which groups of people may potentially be affected.

Applying a systematic risk-based approach, the actual impacts are evaluated in a further procedure by a concrete or net risk assessment. Regarding our own business operations, the due diligence process considers impacts relating to the core objectives presented in section 2, including, but not limited to, human rights in the workplace, land rights and environmental risks. However, the focus is set on the most salient human rights and environmental risks for our company. Given the context, some detailed analysis will follow, for example in conflict-affected regions.

The concrete human rights risk assessment for our own operations is based on quantitative and qualitative data collection and covers all business lines. For each business line, we conduct semi-structured multi-stakeholder interviews, which enable participation and allow paying particular attention to different rights holders' groups. Considering the number of sites and countries where we operate, we prioritize our high-risk and high-impact sites in every country. This prioritisation ensures that we provide a thorough analysis with regard to the concrete risk assessment, and gradually with time, we will expand the concrete risk assessment to all our sites.

---

<sup>3</sup> The Office of the United Nations High Commissioner for Human Rights defines a 'potential impact' as "an adverse impact that may occur but has not yet done so" and an 'actual impact' as "an adverse impact that has already occurred or is occurring" OHCHR (2012), UNGPs Interpretive Guide, pp. 10, 13.

### **3.2.2. Supply Chain**

Regarding our supply chain, an abstract or gross risk assessment identifies and assesses the potential impacts within our country's organisations supply chain. A risk matrix is used to identify high-risk suppliers by assessing and analysing categories of material and services supplied to Heidelberg Materials (i.e., "material categories"), as well as countries of origin of suppliers. Risk factors are allocated based on environmental, social, human rights, governance, and compliance dimensions.

Applying a risk-based approach for our human rights and environmental risks, the actual impacts are evaluated by a concrete or net risk assessment in our supply chain. The specific human rights and environment-related risk assessment is conducted within the suppliers identified as high-risk or high-impact according to the abstract risk assessment. Using a third-party monitoring platform, Heidelberg Materials requests them to provide transparency on their handling of human rights and labour, environmental protection, supply chain responsibility, health and safety and partially also carbon emissions. To ensure that global and local human rights requirements and environmental regulations are met, we require our suppliers to provide clear answers that can be verified by Heidelberg Materials if necessary. Furthermore, the platform gives us visibility into the sustainability of our supply chains based on supplier assessments, critical news monitoring, and ESG country and industry risk indicators.

After carrying out the concrete risk assessment, both in our own operations and in the supply chain, the identified risks are prioritised, ensuring addressing the most severe impacts first. To this end, we use a variety of criteria, such as the likelihood of impacts and the severity of the consequences for people or the environment, the company's contribution to the impact, and our ability to influence the entity directly responsible for the risk or the violation. This prioritisation is critical when not all impacts can be addressed simultaneously and enables Heidelberg Materials to determine which impact mitigation and remediation measures should be implemented first.

### **3.2.3. Assessment Results**

The abstract risk assessment in our own operations has shown a potential risk of disregarding the right to equality, freedom of association and a healthy environment in the regions where we operate. We also operate in countries experiencing armed confrontation, constituting a potential property rights risk. Moreover, occupational safety and work-related health are among the highest risks in the building materials industry. In this regard, within our company risk assessments have shown that most hazards are related to used operational equipment, which can either lead to occupational accidents or diseases. High risk activities can be responsible for causing severe injuries, such as work at height, work in confined space, machine guarding, equipment isolation, driving, or health risks. As our company belongs to a still male-dominated industry, a certain risk of discrimination is possible. Aspects such as bias, harassment or inequality are critical, particularly against women, who might face challenges during the hiring process and daily operations.

Risks related to the environment result from our operations across several business areas, ranging from energy-intensive industrial processes, non-energy extractive industries, to logistics, recycling, and others. Hence, controlling our impact on the environment is an integral part of our daily operations. Mining of aggregates has a direct impact on land, nature, and water through the extraction of these materials from the earth. Yellow machines may cause dust emissions while handling and transporting limestone rocks. Dust emissions may also arise during crushing of limestone, grinding of raw materials and cement. Producing clinker at high temperatures and using fossil and non-fossil energy carriers as well as raw materials leads to the emission of air pollutants, such as NO<sub>x</sub>, SO<sub>x</sub>, dust, and ammonia. Clinker production is also our major source of CO<sub>2</sub> emissions. Some of our air emissions may enter the soil. Storing waste-derived alternative fuels may cause emissions to the air and soil. Producing concrete may cause dust emissions and require significant amounts of water. We use water and we discharge water in several business lines.

In our supply chain, the risk assessment identified salient risks for human rights regarding the right to equality in employment and working conditions related to health and safety. In some high-risk areas in which we operate, additional salient human rights risks in our supply chain revolve around the right to collective bargaining and the freedom of association, forced labour, child labour, the right of self-determination, and the rights of the indigenous population. Salient risks in our supply chain related to the environment include high energy consumption, water usage, greenhouse gas (GHG) and other emissions, as well as risks related to biodiversity and waste criteria.

### **3.3. Preventive and Remedial Measures**

Based on the list of potential and actual human rights and environmental impacts resulting from the risk assessments and in order to embed internationally recognised human rights and environment standards within our organisation, Heidelberg Materials develops homogeneous preventive measures to meet our commitment to respect human rights, protect the environment and promote social progress. Those measures are implemented by our country organisations, such as our code of conducts, policies and trainings. In addition, each country organisation designs local preventive measures which complement those promoted and fostered on Group level.

- Heidelberg Materials' Code of Business Conduct encompasses the rules that we give ourselves. It describes our values and ethical and legal standards that apply to all business activities and everybody within Heidelberg Materials. These include non-discriminatory employment conditions and open and fair dialogue with employee representatives. If we don't have existing written rules for a particular behaviour, we follow statutory rules as well as generally accepted moral and ethical rules or seek advice from our compliance experts and apply ethical standards consistent with our Code of Business Conduct.
- The remuneration systems are based on performance, compliance, and results in accordance with the market standards for internationally operating companies in our sector. Alongside fixed remuneration governed by a collective agreement or an individual employment contract, our employees also receive variable income based on their performance and corporate success.

- Heidelberg Materials works consistently with employee representatives in a spirit of trust. Close and fair dialogue between employee and employer representatives takes place in our locations on a regular basis.
- Our Group Anti-Corruption Policy defines principles such as behaving with integrity towards business partners or avoiding conflicts of interest and addresses and prohibits unethical behaviour, even if this conduct is not a punishable criminal offence.
- Given that corruption is also an issue that increases the risk of human rights violations, we conduct a comprehensive analysis to assess and prevent corruption risks and possible conflicts of interest. A rolling approach ensures that different Group countries are analysed each year as part of this cycle. First, the potential risks within a country organisation are assessed. Then, the measures already in place to limit these risks are evaluated, and finally, it is examined whether further efforts are needed. Based on this assessment, an action plan is drafted for each country and its implementation is monitored by the Group Legal & Compliance department.
- Face-to-face and online training on the Code of Business Conduct, competition law, corruption prevention, as well as occupational health and safety are provided. From 2023, an additional online course on human rights is part of the mandatory training for all employees with regular computer access and is repeated every two years. Moreover, we offer our employees townhall meetings and contact points where they can ask questions and seek advice and help.
- Our internal audit department regularly inspects compliance with our fundamental principles and policies in cooperation with the Group Compliance department.
- We have set up a three-part monitoring system to promote adherence to laws, policies, and guidelines. This includes i) an intensive dialogue with the employee representatives, ii) a whistleblowing system where people may report deficiencies related to violations, inter alia, of work and social standards anonymously and confidentially, and iii) regular reporting in the form of a general Group Compliance Report and Compliance Incident Report, in order to check/ensure compliance with our own duties in everyday business. The results are presented to the Audit Committee of the Supervisory Board.

Heidelberg Materials places the health and wellbeing of employees, communities, and suppliers at the core of its business operations. If, despite Heidelberg Materials' preventive efforts, human rights or environment-related violations are imminent or have already occurred, appropriate remedial measures to mitigate or stop the violation must be implemented. Impact management plans will help to monitor their advance and effectiveness. This also applies in case of increased risk potential or where suppliers do not or only partially meet our standards.

Reflecting the results of our risk assessment, we have clustered our further preventive measures. They include policies, guidelines, trainings, contracts, and audits, and are presented in the following focus areas Health & Safety, Equality, Environment, and Supply Chain.

### **3.3.1. Health & Safety**

The Occupational Health & Safety Policy and our Group Health & Safety Standards determine the cardinal rules and practices that all employees and contractors working for us must comply with to prevent fatalities and accidents resulting in personal injuries. This applies to all locations and operations where we exercise management control, in particular to our plants, facilities, and construction sites, as well as in connection with logistics and transport. Our locations have occupational health and safety management systems in place (ISO 45001 or similar).

The Policy and the mandatory Group Standards must be incorporated into local Health & Safety procedures and through appropriate management systems. These include, amongst others:

- The provision of safe and healthy workplaces, equipment, work procedures, and practices based on the results of regularly reviewed risk assessments.
- Coaching and training employees.
- The inspection of work areas and practices to ensure compliance with internal and external requirements.

Conducting Health & Safety risk assessments are both, legally and based on a Group Standard internally required for all our businesses. These local risk assessments result in technical, organisational, and personal measures to mitigate identified risks to an acceptable level before conducting any work. Occupational risk assessments must be repeated, revised, and updated at regular intervals and with proper documentation, at least every third year, unless triggered by any operational or organisational changes, relevant incidents or as specific Group Standards or local requirements requires. Based on the results of these risk assessments, we update our Group-wide policies to address activities with particularly high risks consistently.

### **3.3.2. Equality**

We have launched a comprehensive programme of measures to increase diversity. We understand diversity as a management concept that brings together people with different cultures, personalities, skills, and experiences in such a way as to reflect the international and multiform character of our markets, our customer base and our business environment. This includes awareness-raising efforts for an inclusive working environment as well as measures to ensure equal opportunities and combat discrimination, such as:

- A diverse composition of management and other relevant groups.
- We support the career development of our female colleagues, via mentoring, participation in programmes for the advancement of future executives, or targeted action plans such as a pilot programme for training women as truck drivers.
- Through workshops, training, and day-by-day activities, we foster allyship at work to uncover privileges and promote equity and awareness to create a more inclusive workplace culture.
- We support the global “NOW – Network of Women” as an initiative that brings together female employees worldwide. It aims, among other things, to support the

network's members in developing their career potential and to increase awareness of the changing demands of work and life throughout the Group.

- We encourage a good work-life balance through flexible working time models and mobile forms of work.
- As around a third of our employees are over 50 years of age, we offer health management and preventive care measures adapted to regional requirements.

### **3.3.3. Environment**

We are further investing substantially in researching and developing innovative low-carbon production technologies and advancing our portfolio of sustainable products in every country in which we operate. We also work to conserve habitats and species throughout the life cycle of our quarries. Our “nature positive” target is linked to a comprehensive programme of measures to protect ecosystems: Heidelberg Materials has a set of policies that outlines our approach and commitment to secure environmentally sound operations. These include Policies on Responsible Land Use, our Environmental Policy, our Water Policy, and our Biodiversity Policy:

- Heidelberg Materials' Policy on Responsible Land Use establishes our principles for using and managing the land for business activities over the full life cycle. Whether the land is owned or leased, we have a responsibility for the effective management and stewardship of the land to ensure that it remains a viable resource during its occupation and for future generations. Responsible land management practices support adequate environmental protection, efficient use and compliance with all regulatory and statutory controls associated with land use.
- Heidelberg Materials measures CO<sub>2</sub> emissions and energy consumption in the cement business line according to the GCCA's “Sustainability Guidelines for the monitoring and reporting of CO<sub>2</sub> emissions from cement manufacturing” (Oct. 2019). The guideline is based on the CEN Standard EN 19694-3.
- We also measure air emissions in our cement business based on the “GCCA Sustainability Guidelines for the monitoring and reporting of emissions from cement manufacturing” (Oct. 2019) and reports accordingly. Only if no measurement data is available, we use estimates for example from past analyses regarding air emissions or water consumption.
- Water consumption in our cement business line is measured based on the “GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing” (Oct. 2019), which is also aligned with the GRI requirements for the reporting on water withdrawal (GRI 303-3) and water discharge (GRI 303-4). The same method is also applied for our aggregates business line.
- Our Biodiversity Policy promotes the protection and enhancement of species and ecosystems both during and after the extraction of natural raw materials. Our extraction operations result in temporary changes in land use and potentially negative impacts on the environment. However, through the implementation of our policy actions, a suite of regionally specific best practice documents and corporate commitments we ensure that impacts are minimised, and that we positively contribute to biodiversity. Biodiversity management plans and sustainable water management are integral to our work.



- Almost all of our integrated cement plants have an environmental management system (ISO 14001 or similar) and almost half of them have an energy management system (ISO 50001 or similar).

#### **3.3.4. Supply Chain**

Evaluating new and existing supply relationships considers criteria such as environmental protection, occupational health and safety, humans rights and compliance. We apply the standards set forth in our global Supplier Code of Conduct when assessing if a new supplier relationship is created.

- The principles set forth in our globally applicable Supplier Code of Conduct form the basis for all contractual relationships. It requires our suppliers to comply with internationally recognised human rights standards and environmental obligations and make corresponding commitments to their business partners, including their suppliers.
- To fully understand and measure our social and ecological footprint across our value chain, our Supplier Code of Conduct requires suppliers to comply with the internationally recognised standards of decent work and to enhance their environmental performance through an environmental management system.
- In case of identified risks at a supplier, the supplier agrees through the Supplier Code of Conduct that Heidelberg Materials or individuals authorised by Heidelberg Materials have the right to establish action plans that include distinct measures, such as but not limited to self-assessments, trainings, and audits of the supplier to verify that the human rights and environmental-related obligations are being adhered to and to mitigate identified risks.
- In addition, we regularly engage with our suppliers via trainings, supplier days and other measures to prevent violations of human rights and to ensure compliance with environmental obligations.

#### **3.4. Grievance Mechanism**

Heidelberg Materials takes seriously any suspicion or concrete indication of a human rights or environment-related violation in its own business area or along the supply chain. We have established a case management system where all reported compliance cases are documented globally, which helps us to track human rights compliance violations as well as improve our preventive measures. Complaints can be reported through different channels, such as emails, phone calls, the direct superior, the compliance team and our SpeakUp reporting platform. SpeakUp is publicised on the intranet, on the internet and at various locations using informative posters, ensuring its accessibility to people outside the organisation. The receipt of the information is confirmed to the reporting person. The processing of the information and the discussion of the facts with the reporting person are carried out by impartial, independent persons who are bound to secrecy.

The Group Compliance Incident Reporting & Case Management Policy provides instructions and principles for submitting compliance-related concerns on a confidential

and, if preferred, anonymous basis, the processing and treatment of submitted complaints or incident reports and the protection of persons reporting concerns against retaliatory actions.

### **3.5. Effectiveness Review**

The effectiveness of the measures taken in our own operations as well as for our suppliers are reviewed by the respective Country Human Rights Coordinator in collaboration with the cross-functional team according to the timeline laid down in the impact management plan. If necessary, further measures are taken or existing measures and standards are adapted to tackle human rights and environmental risks appropriately. Regarding our supply chain, the principle of enablement before withdrawal applies to foster respecting human rights and environmental obligations within our supply chain.

### **3.6. Documentation and Reporting**

Heidelberg Materials continuously documents the measures taken to comply with the due diligence obligations described in this policy statement and retains such documentation according to the regulations.

Open and respectful behaviour towards interest groups is embedded in our fundamental values. The setting and keeping of targets are the basis for this open exchange. For this purpose, we yearly update this Policy Statement with the information and conclusions of our due diligence process. In addition, we publish the Heidelberg Materials Group's Annual and Sustainability Report, which combines the non-financial statement and management report, showing the basic procedure, as well as our responsibility and organisation, processes, policies, targets, and commitments.

Further, we are publishing on our website an annual report on the fulfilment of our due diligence obligations on human rights and the environment to inform the competent authority in Germany and the public about the identified impacts, measures taken, its effectiveness and conclusions for future actions.

Communication with rights holders, non-governmental organisations and other relevant stakeholders such as investors is also part of our accountability and transparency. We use a variety of means of communication to keep our stakeholders informed and enter into dialogue with them – from traditional newsletters and guidelines to social media and a variety of public participation concepts. Plant or site management teams are generally responsible for entering into dialogue with local communities regarding the issues that are more critical to them. Members of the Managing Board, human rights team, and representatives of essential functions of business regularly hold management dialogues and information sessions with our employees about our targets, measures and strategies for climate protection along with other environmental issues, as well as the occupational safety of our employees and contractual partners, aspects of corporate governance and respect for human rights. As a matter of principle, we respond transparently to requests from non-governmental organisations, interest groups and investors.

Heidelberg Materials, along with its various subsidiaries, participates in many associations and initiatives to drive forward the sustainable transition of our sector. We take



part in numerous events, presentations, and panel discussions to demonstrate in person our due diligence and how Heidelberg Materials, as one of the world's leading building materials companies, can help to solve societal problems.

#### **4. Amendments and Updates**

To show the results of the human rights risk assessment and as part of our commitment to transparency and engagement with stakeholders, this Policy Statement will be updated annually.

#### **5. Policy Adoption**

The Managing Board of Heidelberg Materials AG adopted this Policy Statement on July 26<sup>th</sup>, 2023. This Policy Statement comes into force on that day and supplements other applicable standards and guidelines in relation to human rights and environmental obligations. No claims or rights whatsoever by third parties can be derived from this Policy Statement.