

# Corporate Governance statement

The Corporate Governance statement for Heidelberg Materials AG and the Group in accordance with the provisions of sections 289f and 315d of the German Commercial Code (HGB) includes the declaration of compliance pursuant to section 161 of the German Stock Corporation Act (AktG). It also provides information on corporate governance practices and the functioning of the Managing Board and Supervisory Board, including the corporate governance of the company, the remuneration of the boards, the diversity concept for the Supervisory Board and Managing Board, and the legal requirements for equal participation of women and men in management positions.

## Declaration of compliance with the German Corporate Governance Code

On 25 January 2024 and 30 January 2024, the Managing Board and the Supervisory Board submitted the following declaration of compliance pursuant to section 161(1) of the AktG:

Since issuing the last declaration of compliance in January 2023, Heidelberg Materials AG has complied with all recommendations of the German Corporate Governance Code in the version of 28 April 2022 published by the Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger) on 27 June 2022 and will continue to comply with them in the future, with the following exceptions:

- The recommendation G.10 is not fully complied with. According to this recommendation, Managing Board

members' variable remuneration shall be granted predominantly as share-based remuneration; furthermore, granted long-term variable remuneration components shall be accessible to Managing Board members only after a period of four years. The previous Managing Board remuneration system of Heidelberg Materials AG, which was approved by the Annual General Meeting in 2021, provides that only the capital market component of the long-term variable remuneration is share-based. The management component of the long-term variable remuneration is already paid out after three years.

The reason for the deviation is that an exclusively share-based long-term variable remuneration only measures a partial area of the company's success, whereas the long-term variable remuneration granted by Heidelberg Materials AG to the members of the Managing Board allows a more comprehensive representation of the long-term success of the company.

Heidelberg Materials AG intends to comply with recommendation G.10 sentence 1 with effect from 1 January 2024 and to comply with recommendation G.10 sentence 2 with the following exception:

On 13 November 2023, the Supervisory Board adopted a revised Managing Board remuneration system (2024+ Remuneration System) and will submit the 2024+ Remuneration System to the Annual General Meeting for approval in 2024. Under the 2024+ Remuneration System, variable remuneration will be granted predominantly as share-based remuneration. The long-term bonus (LTI) is structured as a 100% virtual performance share plan, under which the entire grant amount is granted in virtual shares (so-called performance share units) on a share basis. The previous distinction in the LTI between capital market component and management component no longer applies. The members of the Managing Board

may only dispose of the LTI payout amount after four years. The duration consists of a three-year performance period and a one-year waiting period.

However, a deviation from recommendation G.10 sentence 2 is declared with regard to the 2024 LTI tranche. In the 2027 financial year, 25% of the provisional payout amount of the 2024 LTI tranche will be provisionally paid after expiry of the three-year performance period.

The reason for the deviation is that this payout after expiry of the performance period is intended to mitigate a one-time shift of the payout in the 2027 financial year, as only the capital market component of the 2023 LTI tranche will be paid out in that financial year. The provisional payout will be set off against the regular payout of the 2024 LTI tranche after expiry of the waiting period in the 2028 financial year.

- The recommendation in G.13 sentence 2 is not complied with. According to this recommendation, severance payments shall be taken into account in the calculation of any waiting allowances if post-contractual non-compete clauses apply. This is not the case at Heidelberg Materials AG.

The reason for this deviation is that a possible severance payment and a waiting allowance are intended to compensate for different issues in terms of content.

- Recommendation G.12 and recommendation G.9 are complied with, with the following exception:

Heidelberg Materials AG intends to enter into an agreement with Kevin Gluskie upon the expiry of his position on the Managing Board and the expiry of the employment relationship with Mr Gluskie on the regular termination date of 31 January 2024, pursuant to which agreement the 2024 annual bonus and the

2024 LTI for the period from 1 January 2024 to 31 January 2024 will not be paid out in accordance with the targets and comparison parameters originally agreed or in accordance with the contractually stipulated due dates. Instead, they will be paid out in accordance with the target achievement of the annual bonus for the 2023 financial year or the target achievement of the management or capital market component of Mr Gluskie's LTI completed at the end of the 2023 financial year and following the 2024 Annual General Meeting.

The reason for this deviation is that, in the opinion of the Supervisory Board, performance based on the actual achievement of targets cannot be reasonably measured for the short performance period of one month and therefore, for reasons of practicability, the degree to which the targets were achieved in the previous financial year with regard to the annual bonus or the last completed LTI components shall be extrapolated and the pro rata temporis 2024 annual bonus and the pro rata temporis 2024 LTI may be paid with the variable remuneration due for payout in 2024.

## Remuneration system and remuneration report

The remuneration system for members of the Managing Board, which was approved by the Annual General Meeting on 6 May 2021, is publicly available on the company's [website under Corporate Governance](#). The revised 2024+ Managing Board remuneration system adopted by the Supervisory Board on 13 November 2023 will be submitted to the 2024 Annual General Meeting for approval and, once approved, will also be made available on the company's website. The remuneration system for the members of the Supervisory Board, which was also confirmed by the Annual Gen-

eral Meeting on 6 May 2021, can likewise be found on the website together with the resolution passed by the Annual General Meeting pursuant to section 113(3) of the AktG. The remuneration report and the auditor's report are also made publicly available at the same internet address pursuant to section 162 of the AktG. The remuneration report can also be found in the [Remuneration report chapter](#).

## Information on corporate governance practices

### Fundamentals of corporate governance

Heidelberg Materials AG is a German public limited company based in Heidelberg. In accordance with the legal regulations, it has three institutions: the Annual General Meeting, the Supervisory Board, and the Managing Board. The tasks and responsibilities of these institutions are primarily based on the AktG and the company's Articles of Association.

As a German public limited company, Heidelberg Materials AG is required by law to have a two-tier board system. The Managing Board is responsible for independently managing the Group. The members of the Managing Board are jointly accountable for the management of the Group. The Chairman of the Managing Board coordinates the work of the members of the Managing Board. The Supervisory Board appoints the members of the Managing Board for a maximum period of five years (in the case of an initial appointment, usually for a maximum of three years) and extends their appointment if necessary; they may only be removed from office prematurely for good cause. The Supervisory Board also monitors and advises the Managing Board and is directly involved in decisions of fundamental importance to the Group. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board.

In line with the options provided for in accordance with the law or the Articles of Association, the shareholders exercise their rights before or during the Annual General Meeting and thereby exercise their voting right. Each share carries one vote at the Annual General Meeting. The ordinary Annual General Meeting is normally held in the first five months of the financial year. In particular, the Annual General Meeting passes resolutions on the use of profit, approval of the actions of the members of the Supervisory Board and Managing Board, the conclusion of inter-company agreements, changes to the Articles of Association, and the approval of the remuneration report. It also elects the shareholder representatives to the Supervisory Board and the auditor. Shareholders are entitled to file motions and have a comprehensive right to speak and ask questions at the Annual General Meeting in accordance with the statutory provisions. In special cases, the AktG provides for the convening of an Extraordinary General Meeting.

All important documents for exercising shareholder rights as well as the resolution issues and documentation are duly and easily available on our [website](#) for shareholders to access. Both the notice of the agenda for the Annual General Meeting and our website will provide shareholders with the information they need to exercise their rights, and particularly their voting rights at the Annual General Meeting, including by way of proxy or postal vote. Company proxies bound by instructions are also available to shareholders to exercise their voting rights at the Annual General Meeting. After the end of the Annual General Meeting, the attendance and voting results for the individual agenda items will be published on our website.

### Internal control and risk management system

Heidelberg Materials is subject to various risks on account of its international business activity. Responsible

risk management is an essential component of good corporate governance. The comprehensive and Group-wide risk management system at Heidelberg Materials serves to ensure the early identification, systematic assessment, and targeted management of risks. Heidelberg Materials also has an internal control system that consists of process-independent and process-integrated control measures. Our risk management system and internal control system are used to identify circumstances with the potential to jeopardise the Group. The internal control and risk management system is implemented both at the level of Heidelberg Materials AG and throughout the Group. The Managing Board of Heidelberg Materials AG is responsible for fulfilling the obligation to set up the systems and for continuously monitoring their effectiveness. At Heidelberg Materials, the two systems are comprehensive in design and, in addition to an accounting-related component, also include business and purely operational risks and controls, including those associated with our internally defined sustainability targets, which are not directly related to accounting. With regard to the internal control and risk management system's main accounting-related features, there are comprehensive statutory disclosure obligations, which are set out in greater detail at Group level by German Accounting Standard no. 20 (DRS 20). The relevant disclosures and further information about the internal control and risk management system can be found in the **[Risk and opportunity report chapter](#)**. The statements made there for the accounting-related components of the internal control and risk management system essentially also apply to the business and operational system components.

### **Compliance management system**

Integrity, legality, and compliance are integral to everyday business at Heidelberg Materials. The company has a compliance management system that is subject to constant further development. In accordance with

the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW) auditing standard 980, the structure of the compliance management system includes compliance culture, targets, risk assessments, and reporting, the compliance programme with guidelines and whistle-blower system, the compliance organisation, communication, training, and controls. Practical implementation in the operating units is the responsibility of the compliance officers of the individual country organisations.

Further information about the compliance management system can be found in the **[Non-financial statement chapter](#)**.

Based on its review of the internal control and risk management system, including the compliance management system, and the reporting by Group Internal Audit, the Managing Board is not aware of any circumstances that cast doubt on the adequacy and effectiveness of these systems.

The Managing Board has the quality, adequacy, and effectiveness of the internal control and risk management system, including the compliance management system, regularly monitored and assessed by independent parties, in particular by Group Internal Audit. The latter performs independent objective audit procedures, which, in addition to examining the design and effectiveness of the aforementioned systems, also explore the potential for optimisation in the operational processes. In compliance with internationally recognised auditing principles and standards, Group Internal Audit contributes to the evaluation and optimisation of the internal control and risk management system and the compliance and governance processes. The activities of Group Internal Audit are thus intended to support the company in terms of both reducing risks and strengthening its organisational governance processes and structures.

The Managing Board and the Audit Committee of the Supervisory Board receive regular reports on the audit results. In addition, the Supervisory Board also satisfies itself that the Managing Board has installed an internal control and risk management system appropriate to the business activities and risk situation of the company, as well as a functioning monitoring system within the meaning of section 91(2) of the AktG that is effective and capable of recognising at an early stage any developments that could jeopardise the Group as a going concern. The Supervisory Board also has the functionality of the accounting-related internal control system and the early risk identification system certified by the auditor. Furthermore, the Supervisory Board has satisfied itself of the effectiveness of the compliance management system, which guarantees Group-wide compliance with law, legality, and internal guidelines.

### **Code of Business Conduct**

A Group-wide Code of Business Conduct requires all employees to observe the basic rules of business decorum – irrespective of whether these rules are prescribed by law or not. Heidelberg Materials' Code of Business Conduct is an important element of our corporate governance and is published on the website under **[Corporate Governance](#)**. The Code of Business Conduct is binding on the Managing Board and all employees worldwide. It forms part of Heidelberg Materials' comprehensive compliance programme and its observance is monitored by control mechanisms included in the programme. In particular, the Code of Business Conduct calls for:

- Integrity and professional behaviour towards customers, suppliers, authorities, and other business partners
- Strict compliance with all applicable laws
- Compliance with competition and antitrust law

- The provision of healthy and safe workplaces
- Efforts to combat corruption and the consistent avoidance of conflicts of interest
- The consideration of sustainability and environmental concerns
- The protection of human rights and employee rights, including fair, non-discriminatory employment conditions and fair dialogue with the employee representatives
- Careful and responsible handling of the Group's property and assets
- Careful and responsible handling of company and business secrets as well as personal data

To ensure that the rules of the Code of Business Conduct are understood and observed, all members of the Managing Board and employees must regularly complete an online training programme.

## Functioning and composition of the Managing Board, Supervisory Board, and Supervisory Board committees

### Managing Board

The Managing Board is the company's managing body and has overall responsibility for corporate governance. In this regard, it is obliged to act exclusively in the Group's best interests within the framework of the law. It takes into account the interests of shareholders, its employees, and other stakeholders with the aim of creating sustainable added value. The Managing Board develops the Group's strategy, coordinates it with the Supervisory Board, and ensures its implementation. It

makes sure that all provisions of law and the Group's internal guidelines are adhered to and works to achieve compliance by Group companies. It ensures appropriate risk management and risk controlling within the Group.

The Managing Board Rules of Procedure govern, in connection with the schedule of responsibilities, the work of the Managing Board, in particular the departmental responsibilities of individual members of the Managing Board, matters reserved for the full Managing Board, and the required majority for resolutions. In accordance with these rules, each member of the Managing Board runs their management department independently and on their own responsibility, with the provision that all matters of clearly defined fundamental importance are to be decided upon by the full Managing Board. This takes place in the regular meetings of the Managing Board, led by the Chairman of the Managing Board, on the basis of prepared meeting docu-

ments. The results of the meetings are recorded in minutes, which are issued to all members of the Managing Board. There are no Managing Board committees. Further details can be found in the Managing Board Rules of Procedure, which have been made publicly available on our [website](#).

### Composition of the Managing Board

There are currently nine members on the Managing Board of Heidelberg Materials AG: the Chairman of the Managing Board, the Chief Financial Officer, three further functional members of the Managing Board (Chief Digital Officer, Chief Sustainability Officer, and Chief Technical Officer), and four members of the Managing Board each in charge of the business in one Group area. The Managing Board is composed of the following persons:

### Composition of the Managing Board

|                       | Responsibility   | Year of birth | Initial appointment | Appointed until  |
|-----------------------|--|---------------|---------------------|------------------|
| Dr Dominik von Achten | Chairman of the Managing Board                                       | 1965          | 2007                | 31 January 2025  |
| René Aldach           | Chief Financial Officer and Australia in the Group area Asia-Pacific | 1979          | 2021                | 31 August 2029   |
| Roberto Callieri      | Asia in the Group area Asia-Pacific                                  | 1963          | 2024                | 31 December 2026 |
| Axel Conrads          | Chief Technical Officer  | 1975          | 2024                | 31 January 2027  |
| Hakan Gurdal          | Group area Africa-Mediterranean-Western Asia                         | 1968          | 2016                | 31 January 2029  |
| Dr Nicola Kimm        | Chief Sustainability Officer   | 1970          | 2021                | 31 August 2024   |
| Dennis Lentz          | Chief Digital Officer  | 1982          | 2021                | 31 August 2029   |
| Jon Morrish           | Group area Europe  | 1970          | 2016                | 31 January 2029  |
| Chris Ward            | Group area North America   | 1972          | 2019                | 31 August 2028   |

Ernest Jelito stepped down from the Managing Board on 31 December 2023 and Kevin Gluskie stepped down on 31 January 2024.

Further information on the composition of the Managing Board and on the areas of responsibility and mandates of the individual members can be found in the [Boards chapter](#). Some personal details can be found in the [Managing Board chapter](#).

### **Diversity concept for the Managing Board**

The requirements for filling a Managing Board position include, among others, many years of international management experience at Heidelberg Materials or at other internationally active companies. With the targeted use of programmes for the advancement of future executives, Heidelberg Materials is working at creating a pool of suitable candidates. Subject to the achievement of the below-mentioned target figure for the proportion of women, the Supervisory Board makes no distinction on the basis of gender, origin, or any other characteristics when filling Managing Board positions. It makes its decisions regarding appointments to Managing Board positions at the company on the basis of objective criteria such as professional qualifications (international leadership experience, industry knowledge) and the personal suitability of the relevant person for the actual task. In this context, the Supervisory Board also pays particular attention to an internationally balanced and complementary composition of the Managing Board. This diversity regarding the origin of the members reflects the international and regional positioning of Heidelberg Materials. The diversity concept mentioned above is taken into account in the composition of the Managing Board. The standard retirement age for members of the Managing Board is 65 years.

### **Long-term successor planning for the Managing Board**

With the support of the Managing Board, the Supervisory Board ensures long-term successor planning for

the Managing Board. The chairs of the Managing Board and the Supervisory Board are in regular contact for this purpose. In addition, the Supervisory Board's Personnel Committee regularly addresses the issue by discussing the contract durations and renewal options for serving members of the Managing Board and consulting on possible successors. In addition to the requirements of the AktG and the German Corporate Governance Code, the target set by the Supervisory Board for the proportion of women on the Managing Board and the criteria in accordance with the diversity concept adopted by the Supervisory Board for the composition of the Managing Board are taken into account. This allows candidates to be identified for the Managing Board at an early stage and prepared for their tasks in a targeted way. Structured discussions are held with these candidates, involving the Supervisory Board's Personnel Committee and, if necessary, supported by external advisors. A recommendation for resolution is then presented to the Supervisory Board.

### **Cooperation between Managing Board and Supervisory Board**

The Managing Board and Supervisory Board cooperate closely for the benefit of the Group. To this end, the Managing Board coordinates the Group's strategic approach with the Supervisory Board and discusses the current state of strategy implementation with it at regular intervals. For clearly defined transactions of fundamental importance, the Supervisory Board has stipulated reservations of consent in the Managing Board Rules of Procedure.

The Managing Board informs the Supervisory Board regularly, in a timely manner, and comprehensively of all issues of importance to the Group with regard to strategy, planning, business development, risk situation, risk management, compliance, and sustainability. The Managing Board explains deviations of the actual

business development from previously formulated plans and targets, indicating the reasons for this. Documents required for decisions, in particular, the annual financial statements, the consolidated financial statements, and the auditors' report, are sent to the members of the Supervisory Board in due time before the meeting. The cooperation between the Managing Board and the Supervisory Board is shaped by mutual trust and a culture of open debate while fully protecting confidentiality.

In the periods between Supervisory Board meetings, the Chairman of the Supervisory Board also maintains regular contact with the Managing Board, especially the Chairman of the Managing Board, to discuss issues relating to the Group's strategy, planning, business development, risk situation, risk management, compliance, and sustainability. The Chairman of the Supervisory Board is informed by the Chairman of the Managing Board without delay on important events that are essential for the assessment of the situation and development, as well as for the management of the company.

### **Supervisory Board**

The Supervisory Board of Heidelberg Materials AG consists of 12 members. Pursuant to the German Codetermination Law (Mitbestimmungsgesetz, MitbestG), it is composed of an equal number of shareholder representatives and employee representatives. The shareholder representatives are elected by the Annual General Meeting by a simple majority. At Heidelberg Materials AG, these elections are held regularly as individual elections. The employee representatives are elected by the employees in accordance with the rules of the MitbestG. Further information on the members of the Supervisory Board and the information required under section 285(10) of the HGB can be found in the [Boards chapter](#).

### Composition of the Supervisory Board

| Shareholder representatives               | Employee representatives           |
|---|------------------------------------|
| Dr Bernd Scheifele<br>(Chairman)          | Heinz Schmitt<br>(Deputy Chairman) |
| Ludwig Merckle                            | Barbara Breuninger                 |
| Luka Mucic                                | Birgit Jochens                     |
| Margret Suckale                           | Dr Ines Ploss                      |
| Dr Sopna Sury                             | Peter Riedel                       |
| Professor Dr Marion<br>Weissenberger-Eibl | Werner Schraeder                   |

The Supervisory Board advises and supervises the Managing Board in the management of the company. The Managing Board involves the Supervisory Board in all decisions of fundamental importance to the Group directly and at an early stage. The Supervisory Board also appoints the members of the Managing Board. It determines its own Rules of Procedure, which govern the organisation and work of the Supervisory Board, in particular the required majority for resolutions, the standard retirement age for Supervisory Board members, the regular limit of length of membership of the Supervisory Board, and the tasks of established committees. Furthermore, the Supervisory Board has defined a catalogue of transactions and measures that require its consent, based on the size and risk profile of the company. The Supervisory Board decides on the granting of consent for significant company transactions with members of the Managing Board or their related parties (related party transactions).

The Supervisory Board meets at least twice every half-year; at these meetings, it usually discusses the open topics and passes the required resolutions, on the basis of reports drawn up by the Managing Board and documents received in advance in preparation for the meeting. Additional or extraordinary meetings are held

if necessary. The results of the meetings are recorded in minutes, which are issued to all members of the Supervisory Board. Separate preliminary meetings of the employee representatives are held regularly to prepare for the meetings. The Supervisory Board also meets regularly and on an ad hoc basis without the Managing Board. Information on any conflicts of interest of a member of the Supervisory Board and how these are treated is disclosed annually in the Report of the Supervisory Board to the Annual General Meeting. The Chairman of the Supervisory Board regularly seeks information about investors' views on strategic issues and is prepared to receive and consider suggestions from investors on topics specific to the Supervisory Board.

An onboarding process is in place for new members of the Supervisory Board, which provides them with information relevant to their Supervisory Board activities. If required, they are given an introduction to the legal framework surrounding the Supervisory Board and can also meet with members of the Managing Board and line managers to discuss fundamental and current issues in order to gain an overview of the topics that are relevant to the company. The purpose of this is to familiarise the new members of the Supervisory Board with their rights and obligations as well as the company's business model and the structures at Heidelberg Materials. The members of the Supervisory Board are themselves responsible for obtaining the training required for their tasks and are supported by the company in this respect. The company also offers specific training sessions – sometimes with external support – for members of the Supervisory Board, most recently in November 2023. These training courses cover topics that are particularly relevant to the company and the work of the Supervisory Board – for example, with regard to changes to the regulatory framework, the selection of suitable investment projects, the ongoing development of the company's antitrust law compliance system, the company's risk management sys-

tem, any changes to the German Corporate Governance Code, sustainability within the company, and new, future-oriented technologies.

### Supervisory Board committees

In accordance with the Articles of Association, the Supervisory Board has set up a total of five committees, which are entrusted with the tasks and functioning described below. The following respective plenary session of the Supervisory Board is given an account of the results of the committee work.

The **Personnel Committee** is responsible for preparing the decision of the Supervisory Board concerning the appointment of members of the Managing Board, for preparing the election of the Chairman of the Managing Board, for establishing the Managing Board's remuneration structure, for the remuneration paid to the individual members of the Managing Board, and for the remuneration report. It is also responsible for making a decision concerning the structuring of the non-remuneration-related legal relationships between the company and the members of the Managing Board. The Personnel Committee comprises Mr Ludwig Merckle (Chairman), Ms Birgit Jochens, Mr Luka Mucic, Dr Ines Ploss, Dr Bernd Scheifele, Mr Heinz Schmitt, Mr Werner Schraeder, and Ms Margret Suckale.

The **Audit Committee** is responsible for preparing the decision of the Supervisory Board concerning the adoption of the annual financial statements and the approval of the consolidated financial statements, including the non-financial statement. It is also responsible for monitoring the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the compliance management system, the audit, and the quality of the audit. When dealing with the audit, it is responsible in particular for the preparation of the

Supervisory Board's proposal to the Annual General Meeting for the appointment of the auditor, as part of the selection and proposal procedure provided by law if applicable, for issuing the audit assignment, establishing points of focus for the audit, verifying additional non-audit services provided by the auditor in accordance with the guideline adopted by the Audit Committee on 15 March 2023, concluding the fee agreement with the auditor, verifying the auditor's independence including obtaining the auditor's statement of independence, and making the decision concerning measures to be taken if reasons emerge during the audit to warrant the possible disqualification of the auditor or suggest a conflict of interest on the part of the auditor. Furthermore, the Audit Committee discusses the half-year financial report and quarterly statements with the Managing Board before they are published. The Audit Committee is responsible for compliance and human rights issues and monitors the adequacy and effectiveness of the internal process for related party transactions.

The Audit Committee comprises Mr Luka Mucic (Chairman), Mr Ludwig Merckle (Deputy Chairman), Ms Barbara Breuninger, Mr Peter Riedel, Dr Bernd Scheifele, Mr Heinz Schmitt, Mr Werner Schraeder, and Ms Margret Suckale. The financial experts pursuant to section 100(5) of the AktG are Luka Mucic (Chairman of the Audit Committee), on account of the expertise he has acquired in the areas of accounting and auditing through his professional activity as Chief Financial Officer of Vodafone Group Plc and, formerly, as Chief Financial Officer of SAP SE, and Ludwig Merckle, due to the expertise in the areas of accounting and auditing he has acquired as a result of his professional activity and his long-standing membership of the Audit Committee of Heidelberg Materials AG. Both have specialist knowledge and experience in the application of accounting standards and internal control and risk man-

agement systems, in auditing, and in sustainability reporting and the auditing thereof.

The **Sustainability and Innovation Committee** is responsible for advising and monitoring the Managing Board on all aspects of sustainability, particularly in connection with the reduction of the company's carbon footprint and the resulting innovation topics and growth opportunities, digital transformation, and other ESG issues. The Sustainability and Innovation Committee comprises Professor Dr Marion Weissenberger-Eibl (Chairwoman), Mr Ludwig Merckle, Dr Ines Ploss, Mr Peter Riedel, Mr Werner Schraeder, and Dr Sopna Sury.

According to the Supervisory Board's assessment, Ms Suckale, Dr Sury, and Professor Dr Weissenberger-Eibl have proven expertise in sustainability and are therefore sustainability experts on the Supervisory Board of Heidelberg Materials AG.

The **Nomination Committee** is responsible for putting suitable candidates for the Supervisory Board forward to the Supervisory Board for its proposals for election to the Annual General Meeting. To this end, it regularly compiles and reviews requirement profiles for shareholder representatives on the Supervisory Board and monitors suitable individuals. Before submitting a candidate recommendation to the Supervisory Board, the Nomination Committee defines the requirements for the specific mandate to be filled. In doing so, it complies with the legal requirements and takes into account the recommendations of the German Corporate Governance Code and the guidelines and objectives adopted by the Supervisory Board for its composition, in particular the profile of skills for the Supervisory Board. The Nomination Committee comprises Mr Ludwig Merckle (Chairman), Ms Margret Suckale, and Professor Dr Marion Weissenberger-Eibl as shareholder representatives.

The **Mediation Committee**, formed pursuant to sections 27(3) and 31(3) of the MitbestG, is responsible for making a proposal to the Supervisory Board for the appointment or revocation of the appointment of members of the Managing Board if the necessary two-thirds majority is not initially achieved. It comprises Professor Dr Marion Weissenberger-Eibl (Chairwoman), Dr Ines Ploss, Dr Bernd Scheifele, and Mr Heinz Schmitt.

### **Self-assessment of the effectiveness of the work of the Supervisory Board**

Every two years, the Supervisory Board carries out a regular self-assessment of the effectiveness of the work of the Supervisory Board and its committees, as required by the German Corporate Governance Code. The last such self-assessment took place in autumn 2023. The self-assessment was performed by means of a detailed questionnaire, which the members of the Supervisory Board completed anonymously, and a subsequent discussion within the Supervisory Board. This self-assessment focused on the internal arrangements and organisation of the Supervisory Board, the preparation, conduct, and recording of meetings, the culture of discussions and work, the content and topics of meetings, the composition of the Supervisory Board, the cooperation between the Supervisory Board and the Managing Board, the provision of information, sustainability, and committee-specific aspects. The self-assessment of the Supervisory Board and its committees revealed highly favourable opinions on all topics. No significant need for change was identified. Opportunities to further optimise the work of the full Supervisory Board and the committees in individual areas were identified and corresponding measures were initiated. The next self-assessment of the Supervisory Board and its committees is scheduled for the 2025 financial year.

## Profile of skills, diversity concept, and targets for the composition of the Supervisory Board

Taking into account the recommendation C.1 of the German Corporate Governance Code and section 289f(2)(6) of the HGB (diversity concept), the Supervisory Board agreed specific objectives regarding its composition and a profile of skills for the Board as a whole. In doing so, the Supervisory Board aims to make a wide range of expertise available to the Group and to have the broadest possible pool of candidates at its disposal for the election of future Supervisory Board members.

### Profile of skills

The profile of skills shall ensure that each of the skills and areas of knowledge or technical experience listed below is held by at least one member of the Supervisory Board, so that the Supervisory Board as a whole covers all of the necessary skills:

- Industry knowledge (familiarity with the building materials sector or related industries)
- International management experience (own management activities in an international environment)
- Personnel competencies (experience in the composition of corporate bodies, knowledge of procedures for identifying candidates for relevant positions, experience in/with change management)
- Governance, legal, and compliance (knowledge of stock corporation and capital markets law, compliance structures and concepts, and corporate governance standards, membership in and leadership of co-determined corporate bodies)

- Accounting, auditing, and controlling (experience and expertise in the fields of accounting and auditing, experience in controlling and risk management structures)
- Strategy, capital markets (experience in developing and implementing corporate strategies, M&A experience)
- Sustainability (experience in the field of sustainability and sustainable corporate governance, integration of ambitious sustainability targets into existing business processes as well as corresponding change management, knowledge of sustainable technologies and corresponding business models)
- Digitalisation (experience in the digitalisation of existing processes and the development of digital and data-based business models).

### Diversity concept

On the Supervisory Board, the skills listed above should be represented as broadly and in as balanced a way as possible. In addition, the in-depth skills of the individual members of the Supervisory Board in individual fields should complement each other. Furthermore, the Supervisory Board shall ensure an appropriate diversity with regard to the age structure and the respective educational and professional background of its members as well as their personal, national, and/or international background. Attention shall be paid to the time availability of the Supervisory Board members. The composition of the Supervisory Board shall appropriately reflect the national and international orientation of Heidelberg Materials as a leading building materials manufacturer. The Supervisory Board shall be composed of at least 30% women and at least 30% men.

### Independence

The Supervisory Board aims to include at least four shareholder representatives who are independent within the meaning of recommendation C.6 of the German Corporate Governance Code.

### Age limit and length of membership

At the time of election, the members of the Supervisory Board shall not be older than 70 years. The regular limit of length of membership of the Supervisory Board is twelve years.

### Status of implementation

The Supervisory Board considers that its current composition corresponds to its specified targets and the profile of skills. Details on the status of implementation of the fulfilment of the profile of skills for the Supervisory Board can be found in the following qualification matrix, which was adopted by the Supervisory Board on the basis of a self-assessment by the individual Supervisory Board members.



### Qualification matrix of the Supervisory Board

|                                       | Dr Bernd Scheifele <sup>1)</sup> | Heinz Schmitt <sup>2)</sup> | Barbara Breuning <sup>2)</sup> | Birgit Jochens <sup>2)</sup> | Ludwig Merckle <sup>1)</sup> | Luka Mucic <sup>1)</sup> | Dr Ines Ploss <sup>2)</sup> | Peter Riedel <sup>2)</sup> | Werner Schraeder <sup>2)</sup> | Margret Suckale <sup>1)</sup> | Dr Sopna Sury <sup>1)</sup> | Professor Dr Marion Weissenberger-Eibl <sup>1)</sup> |
|---------------------------------------|----------------------------------|-----------------------------|--------------------------------|------------------------------|------------------------------|--------------------------|-----------------------------|----------------------------|--------------------------------|-------------------------------|-----------------------------|--|
| Industry knowledge                    | ●                                | ●                           | ●                              | ●                            | ●                            |                          | ●                           | ●                          | ●                              |                               |                             | ●  |
| International management experience   | ●                                |                             |                                |                              |                              | ●                        | ●                           |                            |                                | ●                             | ●                           | ●  |
| Personnel competencies                | ●                                | ●                           | ●                              | ●                            | ●                            | ●                        | ●                           | ●                          | ●                              | ●                             | ●                           | ●  |
| Governance, legal & compliance        | ●                                | ●                           |                                | ●                            | ●                            | ●                        | ●                           | ●                          | ●                              | ●                             | ●                           | ●  |
| Accounting, auditing, and controlling | ●                                | ●                           | ●                              |                              | ●                            | ●                        |                             | ●                          | ●                              | ●                             |                             |  |
| Strategy, capital markets             | ●                                | ●                           | ●                              |                              | ●                            | ●                        | ●                           | ●                          | ●                              | ●                             | ●                           | ●  |
| Sustainability                        | ●                                |                             |                                |                              |                              | ●                        | ●                           | ●                          | ●                              | ●                             | ●                           | ●  |
| Digitalisation                        |                                  |                             |                                | ●                            | ●                            | ●                        | ●                           | ●                          | ●                              | ●                             |                             | ●  |

1) Shareholder representative  
2) Employee representative

In addition, the Supervisory Board ascertained with respect to its composition and the composition of its Audit Committee that all of its members are familiar with the sector in which the company operates.

According to the Supervisory Board's own assessment, the objectives of the diversity concept have been fulfilled. The composition of the Supervisory Board exhibits its appropriate diversity with regard to the age structure and the educational and professional backgrounds of its members and reflects the national and international alignment of Heidelberg Materials. There are currently six women on the Supervisory Board, of whom three represent the shareholders and three represent the employees. The proportion of women on the Supervisory Board is thus 50%. The minimum proportion of

at least 30% each of women and men on the Supervisory Board, as specified in section 96(2) of the AktG, has therefore been fulfilled.

According to the assessment of the shareholder representatives on the Supervisory Board, all of them (Dr Bernd Scheifele, Ludwig Merckle, Luka Mucic, Margret Suckale, Dr Sopna Sury and Professor Dr Marion Weissenberger-Eibl) are currently regarded as independent within the meaning of the German Corporate Governance Code. In its assessment, the Supervisory Board took into account the fact that Mr Luka Mucic, as a member of the board of Vodafone Group plc, holds a position of responsibility at an external company with which Heidelberg Materials AG has a business relationship. However, as the business success of Heidelberg

Materials AG is not significantly influenced by its business relationship with Vodafone and no other dependency on Vodafone Group plc exists, the Supervisory Board considers Mr Mucic to be independent. The Supervisory Board also took into account the fact that Mr Ludwig Merckle has been a member of the Supervisory Board for more than 12 years. In the opinion of the Supervisory Board, this length of membership does not lead to a conflict of interest on the part of Mr Merckle, as his work in past years has shown that this length of membership does not give cause for any such concern. In addition, the regular limit of length of membership of the Supervisory Board and the standard retirement age have been taken into account.

### **Target figures for the gender balance on the Managing Board and in the two leadership levels below the Managing Board and information on compliance with the minimum proportion of women and men in the composition of the Managing Board and Supervisory Board**

The law requires Heidelberg Materials AG to define target figures for the proportion of women on the Managing Board and in the two leadership levels below the Managing Board.

On 18 March 2020, the Supervisory Board resolved to set the target figure for the proportion of women on the Managing Board of Heidelberg Materials AG as at least one woman for the period from 1 July 2020 to 30 June 2025. In addition, according to the AktG, the Managing Board must have as members at least one woman and at least one man (minimum participation requirement). With Dr Nicola Kimm as a member of the Managing Board, the Supervisory Board's target was achieved ahead of schedule, and the composition of the Managing Board of Heidelberg Materials AG thus complies with the above-mentioned legal requirements. The Supervisory Board will continue its efforts to identify suitable women who meet the requirements for filling a position on the company's Managing Board. Independently of this, the Supervisory Board continues to strive to take diversity into account when making personnel decisions.

When filling management positions within the Group, the Managing Board also considers diversity, and in doing so, strives to give due consideration to women. In the 2022 financial year, the Managing Board defined a new, ambitious target for the proportion of women in leadership positions. In Germany, the aim is for the proportion of women to reach 27% for each of the two leadership levels below the Managing Board by 2027. As at 31 December 2023, the proportion of women in leadership positions in Germany was 13% at the first level below the Managing Board and 24% at the second level below the Managing Board.

In 2022, the Managing Board also formulated a global target for the proportion of women in leadership positions of 25% by 2030. As at 31 December 2023, the proportion of women across the Group in management positions in the first and second leadership levels below the Managing Board was 18%. Further information can be found in the [Non-financial statement chapter](#).

With regard to the statutory minimum proportion of women and men on the Supervisory Board and the implementation of these proportions at Heidelberg Materials AG, please refer to the explanations given under [Profile of skills, diversity concept, and targets for the composition of the Supervisory Board](#).

### **Shareholdings of members of the Managing Board and Supervisory Board**

The direct or indirect ownership of shares or share-based financial instruments, especially derivatives, by members of the Managing Board is shown in the [Remuneration report chapter](#) and has not exceeded the threshold of 1% of the issued shares in any individual case or in total.

According to the voting rights notifications available to the company, Supervisory Board member Mr Ludwig Merckle holds 27.67% of the issued shares via Spohn Cement Beteiligungen GmbH, a company under his control. As regards the other members of the Supervisory Board, the ownership of shares or share-based derivatives has not exceeded the threshold of 1% of the issued shares in any individual case or in total, according to the available notifications.