Heidelberg Materials

Group Compliance Policy
-for internal use only-

Scope:	Group
Owner:	Group Legal & Compliance, Roland Sterr
Approver	Dr. Dominik von Achten, CEO
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1 Introduction

In its Code of Business Conduct, the management of Heidelberg Materials states a clear commitment to comply with applicable law. Heidelberg Materials is also committed to global values and standards such as the Universal Declaration of Human Rights of the United Nations, the OECD Guidelines for Multinational Enterprises and the ILO Core Labour Standards. This Group Compliance Policy sets out the framework to accomplish this commitment. The Policy was first adopted by the Managing Board and came into effect on 1 October 2007. The previous version of this Policy is now being replaced and re-stated by this updated version, taking effect following its publication in HMPolicies in January 2024.

2 Scope of Group Compliance Policies and Guidelines

2.1 General scope of validity

This Policy as well as all Group compliance policies and guidelines apply to all companies of the Heidelberg Materials Group, i.e. Heidelberg Materials AG and all companies which are directly or indirectly controlled by Heidelberg Materials AG as a policy which may, due to local laws and traditions, be modified and/or adopted as local policy to achieve the intended purpose. Special compliance policies (e.g. procurement, tax, treasury, etc.) might specify additional requirements.

2.2 Joint Entities

This section deals with contractual agreements/relationships in which a Heidelberg Materials entity joins one or more entities owned by third parties to create a separate independent entity (hereinafter referred to as "joint entity"). The legal structure of a joint entity can be formalised by investments of several partners in a legal entity or it may be less formal: it may be short or long term, depending on the needs of the project or business. Examples include joint ventures, joint cooperation agreements, consortia, temporary associations of companies, and financial participation in third companies.

Heidelberg Materials employees or representatives (including members of the board of directors appointed by Heidelberg Materials) working for or on behalf of an existing or future joint entity shall always abide by the rules of this Policy.

If Heidelberg Materials exercises sole control over an existing or future joint entity, the joint entity shall be treated as a subsidiary belonging to Heidelberg Materials for the purpose of this Policy and all other Group compliance policies and guidelines.

In case of joint entities in which Heidelberg Materials does not exercise sole control but holds joint control or only a minority financial/equity interest/participation, Heidelberg Materials, through its employees, shall strongly encourage the adoption of all elements of the Heidelberg Materials compliance management system (CMS) - or equivalent - consistent with applicable local laws.

3 Compliance Responsibilities

Within the Managing Board of Heidelberg Materials AG, the Chairman of the Managing Board is responsible for enforcing compliance.

The Managing Board has entrusted the Group Compliance function, created on 01/01/2007, with the setup, development and continuous scrutiny of a Group-wide compliance organisation. Its task is described in this document as “general compliance management” to distinguish it from “specific compliance management”, which refers to the direct handling of specific legal obligations (e.g. obligations in accordance with tax law, securities trading law, public registry law) by specialist departments (tax department, legal department).

3.1 General Compliance Management

Group Compliance is responsible for general compliance management on Group level and at Country level for Germany. The general compliance management covers the following topics:

- Compliance Management System
- Code of Business Conduct
- Anti-Corruption
- Trade Sanctions
- Anti-Money Laundering
- Whistleblowing System and Case Management

Responsibility for general compliance management at Area level lies with the respective Area Legal Director who ensures implementation, maintenance and further development of the Compliance Management System for the Area Staff team, supports and coordinates compliance management in the countries of his/her Area and acts as a link between Group Compliance and the countries of the Area. At Country level general compliance management is under the responsibility of the local legal departments or, for North America, with the Area legal department. Where no local legal department exists, the responsibility for general compliance management lies with the relevant General Manager, who may delegate it to an appropriate staff function. The Country Compliance Officer shall always report in direct line to the respective Country General Manager.

Between the entities responsible on Country level, Area level and Group Compliance, there is a specialist reporting (dotted) line.

On Group level, Group Compliance is supported by a Compliance Committee, which is composed of four permanent members: the directors of Group Legal & Compliance, Group Internal Audit, Group Human Resources and Group Procurement, and additional members which are consulted for specific topics (e.g. Director Group Treasury for trade sanctions or money laundering matters). The Compliance Committee has an advisory and supporting function and meets twice per year and ad hoc if needed. Topics discussed by the Compliance Committee include:

- Fundamental compliance issues concerning Heidelberg Materials Group,
- Compliance incidents of extraordinary relevance where interdepartmental advice is required (e.g. cases of potential reputational or economic damage or conflicts between national and international law e.g. in the context of trade sanctions),
- Strategic aspects of compliance,
- Best practice sharing and exchange of information, and
- Ad-hoc trouble-shooting.

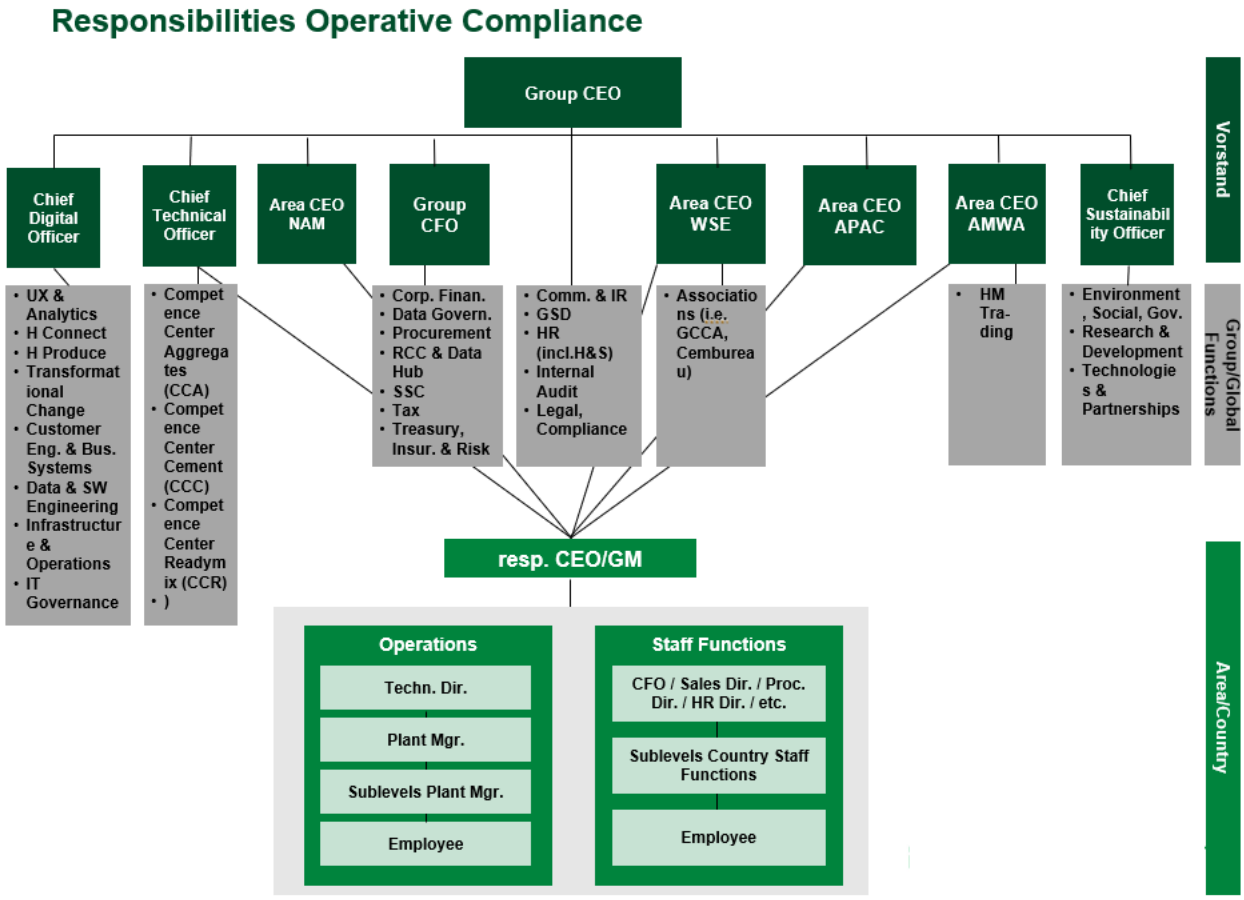
3.2 Specific Compliance Management

To the extent that specific compliance tasks are not allocated to specialist departments, the line management in all operating units is responsible for compliance itself, i.e. direct compliance with laws, so that, for example, plant management is responsible for compliance with the environmental protection and occupational safety regulations, sales management for compliance with cartel legislation, procurement management for compliance with laws on corruption etc. They are supported in this, but not relieved of the task, by the compliance managers at Group and local/Country level.

The following table gives a comprehensive view on general and specific compliance management on Group and local level:

	Topic	Responsibility	Role
General Compliance	**Compliance Management**	Group Compliance	▪ Design, implementation, maintenance and continuous improvement of CMS ▪ Monitoring of Compliance in countries ▪ Compliance reporting to the Managing Board and the Audit Committee of the Supervisory Board
		Country Compliance	▪ Implementation, maintenance and continuous improvement of CMS on Country level ▪ Monitoring of Compliance in the Country ▪ Compliance reporting to the Country management and Group Compliance
	Code of Business Conduct **Anti-Corruption** **Trade Sanctions** **Anti-Money Laundering**	Group Compliance	▪ Ownership and communication of Group policies/guidelines ▪ Provision of Group-wide training materials ▪ Training & monitoring of training completion for Group & Global Functions ▪ Design, implementation, documentation and monitoring of related Group-wide processes
		Country Compliance	▪ Ownership and communication of local policies/guidelines ▪ Training & monitoring of training completion ▪ Implementation, documentation and monitoring of related processes
	Compliance Consulting	Group Compliance	▪ Advice on compliance-related matters for Group & Global Functions and Country organisations
		Country Compliance	▪ Advice on compliance-related matters for Country organisation incl. special compliance functions (e.g. procurement, tax, treasury, etc.)
Specific Compliance	**Antitrust/Competition Law** **Environmental Protection** **Health & Safety** **Human Rights** **Procurement** **Tax** **Treasury** **…**	Relevant Functions on Group and Country level	▪ Issue and ownership of respective policies/guidelines and adequate communication and/or training ▪ Design, implementation, documentation and monitoring (if applicable) of related processes

The responsibility for operational compliance lies in the countries with the line management, headed by the Country General Managers, and on Group/Area level with the heads of the functions for their areas of responsibility:



4 General Compliance Policies

The Code of Business Conduct forms the basic element of the compliance organisation. In a few sections, it summarises the rules of legally compliant and ethically sound behaviour that apply across the Group, irrespective of all national differences.

The Code of Business Conduct applies to all employees[1] of the Heidelberg Materials Group. It may, due to local laws and traditions, be modified and/or implemented to achieve the intended purpose. Where required because of differing local regulations or conventions, it is to be adjusted accordingly after consultation and in co-ordination with Group Compliance. This Code (as adjusted) is to be translated into all relevant local languages, communicated once per year and made conveniently accessible to all employees.

For particularly important compliance areas, the Code of Business Conduct is supplemented by general compliance policies. These set out in more concrete and detailed terms what must be considered in the relevant areas for compliance with the law and, if applicable, other ethical standards. Such general compliance policies exist for the areas of Anti-Corruption, Trade Sanctions, and Anti-Money Laundering.

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[1] Throughout this Policy the term “employees” is used for all persons with a professional function in the company (incl. directors, managers, officers, temporary staff, etc.).

These Group policies serve as a framework and need to be adopted by the Countries as local policy and if necessary adjusted or supplemented in accordance with local law. Local or Area policies, however, may not establish terms, which are less restrictive than the Group policies. Furthermore, these local policies need to be translated into the local language as applicable, communicated once per year and made conveniently accessible to all relevant employees.

All Group compliance policies are available in the policy management system "HMPolicies" and on the Group Compliance section of the Group intranet.

Group policies may be supplemented at local level by policies covering topics such as handling of insider information, anti-discrimination, conflict of interest, etc.

Besides these general compliance policies, a variety of functional policies and guidelines with compliance relevance exist such as for the fields of antitrust/competition law, health & safety, human rights, data protection, procurement, tax, treasury, etc. Ownership (i.e. issuance, communication and monitoring) of these policies lies with the relevant responsible function.

5 Information and Training

Compliance with regulations requires knowledge of these regulations. All employees must therefore be familiar with the regulations that are relevant to their area of responsibility. Beyond knowledge of the abstract content of the regulations an understanding and knowledge of the correct interpretation of the regulations in practice is required. Therefore, information and training form another important component of the compliance organisation.

Line management in each business unit therefore has to ensure that their employees are informed about the regulations that are relevant to them and, if necessary, trained in their practical interpretation. In doing this, they will draw on the support of specialist departments, particularly the legal departments, and make use of internal and external training courses.

For particularly important compliance areas, such as the Code of Business Conduct, anti-corruption law, etc., where Group-wide interactive electronic learning programmes are offered to ensure basic knowledge, participation in trainings at set minimum intervals (at least about every 2 years) is compulsory for the relevant employees.

The relevant employees for the mandatory electronic learning programme on the Code of Business Conduct ("Compliance Basics") are all employees who have regular access to the company IT network (usually employees registered in the active directory) and regular access to a computer. Trainees, working students or similar temporary staff are included, unless their employment contract lasts less than ca. 3 months. This reflects that the Code of Business Conduct explicitly addresses all employees.
The relevant employees for the mandatory electronic learning programme on the Anticorruption Policy ("Preventing Corruption") are as well all employees who have regular access to the company IT network (usually employees registered in the active directory) and regular access to a computer. Trainees, working students or similar staff are included, unless their employment contract lasts less than ca. 3 months. This is based on the wide scope of corruption risks including potential conflict of interest that may affect any employee in any function or on any hierarchical level.

For defining the relevant employees for the mandatory electronic learning programme on the Competition Law Policy (“Competition Law”) the scope needs to be wide enough to cover not only employees with direct contact to competitors, customers and suppliers but as well back office staff. This means that all upper management and their assistants, all sales and purchasing staff are to be included. Further, staff involved in procurement or M&A, internal auditors, legal counsels and compliance officers needs to be added and any other employee with exposure to competition law risks. Trainees, working students or similar staff with exposure to competition law risks are included, unless their employment contract lasts less than ca. 3 months.

These eLearning courses are to be supplemented by classroom trainings as deemed necessary by line management in each business unit to ensure basic knowledge as mentioned above. Employees who cannot be reached by electronic learning programmes but are part of the relevant training group need to be trained in an appropriate way. This means that for the Code of Business Conduct and the Anticorruption Policy trainings for all employees have to be included, not only the ones with access to the IT network. The scope of training content can be adjusted according to the needs of the trainees and the training format can be less formal for selected groups, especially blue collar workers, e.g. as a townhall meeting.

6 Sanctions in Case of Non-Compliance

Violations of the law and internal policies/guidelines are not tolerated. Employees who violate the law or other binding legal or internal regulations are held responsible for these actions. The relevant direct supervisor and the relevant responsible function(s) decide on the appropriate disciplinary action. In addition to employee disciplinary actions, suits for restitution of money damages may be considered and criminal proceedings may be instituted in appropriate situations. Furthermore, process enhancements are to be considered in order to avoid any future instances of the same kind of regulation violation.

7 Compliance Incident Reporting System & Case Management

A Compliance Incident Reporting System has been set up for the purpose of addressing any violations of legal or internal regulations or questions about legally correct behaviour. Reporting channels and instructions, investigation process and principles and case management basics are outlined in the Group Compliance Incident Reporting & Case Management Policy.

8 Documentation, Reporting and Control

All compliance measures must be duly documented. This helps to ensure verifiable implementation of this Policy but also absolves the Group and the managers in the event of investigations into possible violations of the law.

8.1 Reporting

Compliance reporting must be executed in compliance with local data protection law. It comprises the following elements:

8.1.1 Semiannual Group Compliance Report

The local compliance officers report by 10 January / 10 July of each year on any compliance measures taken in the past six months and the current status of their local compliance programme. The report is issued in parallel to the Country General Manager and to Group Compliance. Group Compliance merges the local reports and its own report to produce the Group Compliance Report and submits it to the Managing Board.

8.1.2 Quarterly Compliance Incident Report per Area

The local compliance officers report by 10 January / 10 April / 10 July / 10 October of each year on major compliance incidents from the previous quarter. This report is issued in parallel to the Country General Manager and to Group Compliance. Group Compliance consolidates the local reports and issues one comprehensive Compliance Incident Report for all Areas to the Group CEO and separate reports per Area to each Area Vorstand.

Very serious cases are to be reported immediately to the CEO, the CFO or the relevant Area Vorstand, the Country General Manager and Group and Country/local Compliance according to the provisions of the Compliance Incident Reporting & Case Management Policy.

8.1.3 Semiannual report to the Audit Committee of the Supervisory Board

Twice per year the Group Compliance Officer reports on current topics and the major compliance cases to the Audit Committee of the Supervisory Board.

8.1.4 Compliance in Quarterly Management Meetings

Compliance topics are to be addressed in Quarterly Management Meetings according to the templates applicable for these meetings and with the reporting deadlines as communicated by Group RCC.

8.2 Control

Group Compliance is responsible for monitoring the implementation of the Heidelberg Materials Compliance Management System at Group and local level. Group Compliance may draw on the support of Group Internal Audit for this task.

Group Internal Audit will verify control samples, whether activities of the business units are compliant with the law and other binding legal and internal regulations. This monitoring takes place as part of the regular audits by Group Internal Audit and, in case of suspicious circumstances, at the specific request of the Managing Board or Group Compliance.

9 Contact and Further Information

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or your local/Country Compliance Officer/Legal Counsel.

10 Version history

Date	Version	Owner	Overview of changes
02 January 2024	7.0	Roland Sterr	Modifications based on change of company name to Heidelberg Materials; amendment of composition of Compliance Committee