



Heidelberg Materials Northern Europe

Human Rights Report 2025

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Human Rights Report

Message from the General Manager

The world needs smart, sustainable, and resilient infrastructure, buildings, and public spaces. Challenges like climate change, biodiversity and resource limitations mean that the production and use of heavy building materials must evolve. At Heidelberg Materials, we are transforming our business to address these challenges, and are placing sustainability at the core of what we do.

We are committed to ensure that this transformation is a just transition. That means, for example, that we will work hard to ensure that our Carbon Capture projects at our cement plants in Brevik and Slite which, when operational, will capture up to 2.2 million tons of carbon dioxide every year, do not come at the expense of the human rights of workers or local communities.

For us, being entrepreneurial does not just mean delivering outstanding economic performance. We also aim to act in an ecologically and socially responsible manner. This self-image shapes our sustainability and human rights strategy, our Sustainability Commitments 2030 and our path to CO₂ neutrality.

Therefore, we welcome legislative initiatives, such as the Norwegian Transparency Act, the German Supply Chain Due Diligence Act and the EU Corporate Sustainability Due Diligence Directive, that promote respect for human rights and aim to create accountability for companies who choose to look the other way when it comes to their adverse effect on people and the planet. We believe that these initiatives will create the much needed drive that will enable companies like Heidelberg Materials to, through close collaborations with stakeholders and business relations, find solutions to the common issues present in our markets and sector.

This Human Rights Report describes our human rights approach and the measures we take to address our salient risks. By doing so, we hope to promote transparency and demonstrate our firm commitment to ensure the full respect for human rights throughout our value chain.

Giv Brantenberg
General Manager Heidelberg Materials Northern Europe



Introduction

Only our Norwegian companies are required to account for their human rights due diligence efforts pursuant to the Norwegian Transparency Act. However, we have voluntarily, in the interest of transparency, chosen to extend the scope of this Human Rights Report to include all the companies that are part of the Heidelberg Materials Northern Europe (“HMNE” and/or “we”) operative region.

To that end, we will in Chapter I describe HMNE as an operative region and how our business is structured across four main business lines. In Chapter II, we will outline the HMNE human rights approach and governance structure and in Chapter III we account for our identified salient risks and adverse impacts, the measures we undertake to address these, and areas we will be working to evolve to increase our effectiveness.

The Norwegian companies for which this Human Rights Statement has been approved by the board of directors as their annual account of due diligence pursuant to the Norwegian Transparency Act are:

- Heidelberg Materials Norway AS
- Heidelberg Materials Betong Norge AS
- Heidelberg Materials Prefab Norge AS
- Heidelberg Materials Tilslag Norge AS
- Heidelberg Materials Sement Norge AS
- Heidelberg Materials Miljø AS
- Mibau Stema Norge AS
- Sola Betong AS



Human Rights Report

1	Message from the General Manager	2
2	Introduction	3

Chapter I – Our business

1.	Introduction	6
1.1	Cement	7
1.2	Aggregates	7
1.3	Ready-mixed Concrete	7
1.4	Precast	7

Chapter II – Human rights and Heidelberg Materials Northern Europe

1.	Commitment to respect human rights	8
2.	Human Rights Governance	9
3.	Assessing and addressing human rights risks	10
4.	Grievance channels	10
5.	Stakeholder engagement	11

Chapter III – Human rights due diligence

1.	Introduction	12
1.1	Our business	12
1.2	Our key areas	12
2.	Human rights impact from our environmental and climate footprints	14
2.1	Introduction	14
2.2	Our systematic approach to environment and climate risks	14
2.3	Our CO ₂ emissions	15
2.4	Environmental impacts	16
2.4.1	Land use	16
2.4.2	Impact on communities	16
2.5	Looking forward	17
3.	The right to a safe and healthy workplace	18
3.1	Introduction	18
3.2	How HMNE handles potential adverse impacts	19
4.	Working conditions in our supply chain	20
4.1	Our supply chain	20
4.2	Identified human rights risks	20
4.3	Identified adverse human rights impacts	21
4.3.1	Incident with allegation of non-payment of wages and intimidation	21
4.4	Our approach to supply chain due diligence	22
5.	Looking forward	24



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Chapter I

Our business

1. Introduction

HMNE, an operative region under the Heidelberg Materials Group umbrella with its own staffing functions and general manager, operates in seven countries (Sweden, Norway, Denmark, Estonia, Latvia, Lithuania and Iceland) across four different business lines: Cement, Aggregates, Ready-mixed Concrete (RMC) and Precast Products (Precast). We also have some operations in France, Germany, Netherlands, Poland and United Kingdom.

In addition to our four main business lines, HMNE owns Heidelberg Materials Miljø AS which receives and processes hazardous waste into alternative fuels for use in our cement plants.

Heidelberg Materials Group is also the majority shareholder in the Mibau Stema Group. Mibau Stema Group is not part of the Heidelberg Materials brand but is under the operative responsibility of HMNE and thus included in the scope of this report. However, please note that the Mibau Stema Group is not party to the Heidelberg Materials net-zero commitment or the Heidelberg Materials Sustainability Commitments 2030.

Further, Heidelberg Materials Northern Europe AB, through subsidiaries, formally owns, whole or in-part, several building materials companies operating in different African countries. These companies are not part of HMNE operative region and are thus not included in the scope of this report. Instead, these companies are part of the Africa Eastern Mediterranean Basin (AEM) region operated under the oversight of Heidelberg Materials AG, the Heidelberg Materials Group's parent company.

This does not mean that these companies are in any way neglected when it comes to identifying and addressing their human rights risks and impact. The AEM region, with the support from Heidelberg Materials, have identified several risks, for example unfair wages, inequality in employment, and land rights issues that they are working to address through detailed risk assessments and effective mitigating actions.

For further information on how our business is structured, including details of the activities undertaken in the various parts of our business, please see our websites and the annual report for Heidelberg Materials AG.

Heidelberg Materials Group

Heidelberg Materials Group (HM Group) is one of the world's largest integrated manufacturers of building materials and solutions, with leading market positions in cement, aggregates, and concrete. HM Group are represented in over 50 countries with more than 51,000 employees at almost 3,000 locations.

At the centre of HM Group's actions lie the responsibility for the environment. As the forerunner on the path to carbon neutrality and circular economy in the building materials industry, HM Group are working on sustainable building materials and solutions for the future.

1.1 Cement

In Sweden and Norway, we are the leading producer of cement. Cement is a finely milled mineral powder consisting of the raw materials limestone, clay, marl and certain additives. Mixed with water, cement serves as an adhesive to bind sand, gravel, gypsum, and hard rock in concrete, which is the world's most essential building material.

Cement production requires limestone and marlstone, which is a clay-mixed limestone. Both types of rock are mined in quarries near the factories.

The quarried stone is transported, crushed and ground into a fine powder that is preheated before it reaches the cement kiln. There, the powder is heated to around 1,450 degrees and transformed into an intermediate product called clinker. The clinker is cooled and ground together with small amounts of sand and gypsum. The grey powder that forms is cement, which is the binding agent in concrete.

1.2 Aggregates

We produce different aggregate materials in Norway, Sweden, Estonia, Lithuania and Iceland. Aggregates are the most mined material in the world and can be subdivided into the categories: natural stone aggregates (sand and gravel) and crushed aggregates (stone chippings and crushed stones). The aggregates we extract and produce are generally available in the form of a homogeneous bulk product.

Aggregates can be used for many purposes. For example, aggregates are a necessary component of composite materials such as concrete and asphalt, but it can also be used for drainage purposes or as the base material under a foundation.

1.3 Ready-mixed Concrete (RMC)

In all the countries where we operate, we provide RMC services to businesses and private individuals. We mix the concrete components at our plants and either deliver the concrete directly to where it is needed or let our customers pick it up themselves.

The concrete business is time sensitive. Both in terms of production, the wet concrete has a short shelf-life (a couple of hours), and in terms of when the concrete is needed by our customers. A short delay in our deliveries can cause huge delays in our customers' constructions projects.

1.4 Precast

Precast produces concrete elements and steel structures that are used for housing, office buildings, parking garages, public buildings, and industrial buildings as well as tanks, sleepers for railway systems and different construction projects. The elements and structures are created at our plants after the detailed measurements and requested characteristics provided by our customers.

We have precast plants in Sweden, Norway, Denmark, Iceland and Latvia.



Chapter II

Human rights and Heidelberg Materials Northern Europe

1. Commitment to respect human rights

Our core belief is that respecting human rights and contributing to a clean, healthy and sustainable environment is the best basis for developing our business. We consider respect for human rights and to identify and address adverse impacts to be a minimum standard for conducting business with legitimacy.

The United Nations Sustainable Development Goals (SDG) shape Heidelberg Materials Group's strategy and sustainability commitments. Our Sustainability Commitments 2030 support our vision to build a more sustainable future that is net-zero, safe and inclusive, nature positive, circular and resilient.

We have for many years expressed a clear commitment to respect human rights in our Code of Business Conduct which is applicable for the entire HM Group. Further, Heidelberg Materials Group has since 2018 been a member of the UN Global Compact.

During 2023, Heidelberg Materials Group have developed a standalone Policy Statement on Human Rights, adopted by the managing board of Heidelberg Materials AG. The Policy Statement on Human Rights clearly expresses that our commitment to human rights in our business area and the supply chain is aligned with the UN Guiding Principles on Business and Human Rights (UNGP). Further, 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, we look at the Guidelines for Multinational Enterprises, Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Labour Organization's core conventions. These include the rights necessary for decent working conditions: including the right to a living wage and the right to a safe and healthy work environment.

We acknowledge that vulnerable groups, such as women, children, refugees, indigenous peoples, young workers, migrant workers, disabled persons, elderly persons, members of the LGBTIQ+ community and other minority groups may require our special consideration to ensure that we do not adversely affect their equal and effective enjoyment human rights in relation to our operations and value chains.

We strive to be open about our risks, efforts, challenges, and progress through various means of reporting and transparency. Such means may for example include this statement, stakeholder dialogue, and communicating progress directly to our affected stakeholders.

Expectations on business partners

Our commitment to respect human rights extends to our own operations as well as those that are part of our value chain to the extent directly linked to our operations, products and services. Therefore, we expect our suppliers, sub-contractors, business partners, and other business relations to share our commitment to respect all internationally recognized human rights and to deliver on their commitment by conducting their business in accordance with the UNGPs.

This means, to act in ways that meet fundamental human rights and environmental responsibilities as well as address human rights and environment-related violations that they may cause or contribute to.

2. Human rights governance

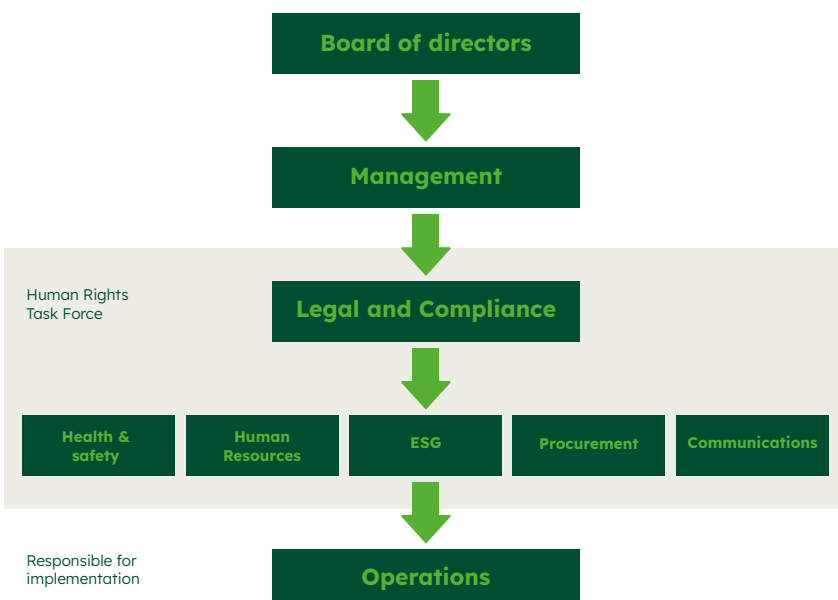
The ultimate responsibility for upholding our commitments lies with our board of directors which has delegated the responsibility of implementation to management. We are working to strengthen the board's involvement in our salient Human Rights issues. Our goal is that the board of directors shall, informed by the views of affected stakeholders and advised by human rights expertise, be kept engaged in our human rights risks and impacts.

Our operations teams are responsible for implementing our human rights policy commitment. Our Human Rights Coordinator, with the support of Legal & Compliance, is tasked with coordinating our human rights efforts and ensuring that we have adequate policies and processes in place. However, due to the overarching nature of human rights, other support functions and departments are responsible for ensuring that we have adequate processes in place with respect to the specific aspects of our human rights policy commitment. For example, Environmental Social Governance (ESG) leads our environment and climate work, Health & Safety our health and safety efforts, and so on.

In order to ensure a close and effective cooperation, we have set up a Human Rights Task Force that includes the following roles:

- Human Rights Coordinator
- Director of Legal & Compliance
- Head of ESG
- Head of Health & Safety
- Head of Procurement
- Head of Communications
- Head of Human Resources

Further, all of our employees have an explicit responsibility to contribute to our goal to respect human rights within their area of responsibility. This includes contributing to an inclusive, tolerant, and respectful workplace, where people can freely speak up without fear of threats, intimidation, or other forms direct or indirect punishment, and speaking up if they believe that we, or someone in our value chain, is causing or driving human rights risk and/or adverse impacts.



Capacity building

We are continuously working to build our internal capacity and evolve our understanding of the human rights issues we face and how to best address them.

During 2023, HMNE offered all employees with an email address to attend a business and human rights training session during work hours. More than 1000 of our employees attended.

We have implemented a mandatory Human Rights eLearning course for all employees with email addresses. We continuously track the completion rate of this course with the express goal to reach 100% completion. The eLearning course is on a two year cycle, which means that all employees have to complete the course every two years.

Further, we continuously provide specialised trainings to our employees based on the requirement of their roles. For example, during 2023/2024 we held several trainings and workshops for our Procurement colleagues relating to responsible procurement.

Figure 1.

3. Assessing and addressing human rights risks

Since 2017, we have conducted human rights risks assessments (HRRAs) 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. You can read more about this due diligence process in our Policy Statement on Human Rights available on our websites.

We generally assess identified human rights risks based on how harmful the potential impact would be, how many people would be affected, and whether impacted individuals can be remediated. To help us prioritise further, we generally consider the likelihood that the risks will materialise, based on the nature of the operating context, business activity, and business relationship, the presence of vulnerable groups, and the robustness of existing mitigating measures.

You can read more about our salient issues and how we work to address them in chapter III.

Where we have identified actual adverse impacts, we will seek ways to ensure that impacted individuals are remediated, based on international good practice and in line with recognised international human rights due diligence frameworks and guidelines.

4. Grievance channels

Today, we have in place a case management system where all reported compliance cases are documented. Complaints can be reported by any person through different channels, such as emails, phone calls, the direct superior, the compliance team, and our whistleblowing channel (SpeakUp). As an additional tool to make us aware of any human rights risks and adverse impacts caused or connected to our business, SpeakUp is publicised on the intranet, the website, the Heidelberg Materials Group website, and at various locations using informative posters ensuring its accessibility to people outside the organisation. An anonymous reporting possibility exists in SpeakUp. 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 individuals is carried out by impartial, independent people who are bound to secrecy. It is our aim to provide a channel available to both our employees and external stakeholders where they can speak up about human rights issues without fear of threats, intimidation, or other forms of reprisals.

For operational level grievance mechanisms based on engagement and dialogue, we have the community engagement plans. Plant or site management teams are generally responsible for entering into dialogue with local communities regarding the issues that are critical to them. Members of the management 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.

Stakeholder interviews

As part of the HRRAs for our own operations in 2024 we conducted over 100 semi structured interviews with workers at our sites and local management. In total, internal human rights experts visited 22 sites across Norway, Sweden, Denmark, Iceland, Estonia, Lithuania and Latvia to gain valuable insights about local conditions for the HRRAs.



5. Stakeholder engagement

In view of the strong local focus of our business operations, we can only be successful in the long term if we maintain good cooperative relationships with the various stakeholders in society. We are committed to a dialogue based on trust with all such relevant groups – at a local, national, and international level. The resulting exchange of ideas and opinions help us identify critical issues at an early stage and gain greater acceptance for our activities.

Plant or site management teams are generally responsible for the relationship with the communities we are part of. We aim to reconcile the interests of the company with those of the local communities. The concerns of our local stakeholders vary by location. In general, community members ask whether they can visit our plants or ask for some specific information related to our operations. Stakeholders also raise reservations regarding imminent modernisation and expansion measures as well as complain about noise and dust pollution from our plants and quarries. We respond promptly to complaints and provide transparent information wherever possible and practical in order to address uncertainties and misgivings. We also involve local stakeholders at an early stage when planning investment projects, such as by setting up contact offices, holding information and discussion events.

Our commitment to transparent communication with non-governmental organizations and stakeholder groups on human rights remains strong. We view critical questions as opportunities to foster dialogue and to raise awareness about our sustainability initiatives. Over the past year, the ongoing public discussion on climate change has continued to capture broad attention and engagement. We welcome this development, as our role as an energy-intensive company in the building materials sector brings with it a particular responsibility toward the environment.

Case: Open House at Skövde cement plant

On 14 September 2024, the Heidelberg Materials cement plant in Skövde welcomed nearly 900 visitors during an Open House event. Guests explored cement production, toured the limestone quarry, interacted with employees, and participated in family activities.

As a plant located near residential areas, regularly opening our doors supports the community's right to transparency and inclusion. The event fostered mutual understanding and reflected our commitment to respecting the voices and concerns of local stakeholders.



Chapter III

Human rights due diligence

1. Introduction

1.1 Our business

The building materials we provide, whether it is bulk cement, aggregates, ready-mix concrete or concrete elements, are based on raw materials extracted in the Nordics or the Baltics that are then treated and produced in the same countries. Further, almost all our customers are located in the countries we operate in, as is the majority of our direct suppliers.

That being said, we have long recognised the importance of conducting our business in a way that does not adversely impact people or the planet and have for decades taken extensive measures to limit such impact, especially in the areas of health and safety for our workers and our environmental and climate impact where we have longstanding dedicated staff functions responsible for leading such work.

1.2 Our key areas

Based on our current Human Rights Risk Assessment (HRRRA), we have identified the following areas as prioritised based on saliency:

1. Climate and environment
2. The right to a safe and healthy workplace (own operations)
3. Working conditions in parts of our supply chain

In the following sections, we will account for the human rights risk as identified and assessed by us along with what measures we have and are planning to take to address and mitigate any (potential) adverse impact.



Diversity, Equity, Inclusion, and Belonging (DEIB)

In today's diverse and increasingly globalized society, it is more important than ever that we are working actively and with high focus on diversity, equity, inclusion and belonging (DEIB).

At Heidelberg Materials all employees have the same rights, opportunities, and obligations. We treat all employees equally regardless of their background, beliefs, or experiences. All employees have the right to feel included in the workplace and are expected to contribute to an inclusive working environment. By giving and taking, we create a safe and welcoming working environment for ourselves and our colleagues.

Diversity, equity, inclusion and belonging are the foundation of a successful organization. By valuing our diverse workforce, we can drive innovation and achieve our goals. It is the responsibility of both leaders and employees to create a safe and welcoming environment, where everyone feels respected and included.

We are continuously working to make sure DEIB is included throughout our people processes. To ensure structured and fair recruitment processes, we are using Competence-Based Recruitment. By clearly defining the competences required for each role, we can assess all candidates equally. This contributes to a transparent and objective selection process, which promotes a more inclusive work environment and contributes to diversity within our teams.

Inclusive leadership has become a part of our Leadership Development Programs, supporting our leaders in understanding the importance of diversity, equity, inclusion and belonging in our workplace, and to build confidence to guide us toward fostering greater inclusivity and unlocking potential.

To understand where we as an organization stands regarding diversity, equity, inclusion and belonging we are continuously asking questions about these topics in our Employee Surveys. In addition, our Exit Feedback process includes a focus on DEIB allowing us to understand our employees experiences in regards to this.

All together we are taking big steps to make it possible for all leaders and employees in Northern Europe to play a vital role in shaping an inclusive working environment.



2. Human rights impact from our environmental and climate footprints

2.1 Introduction

There is clear scientific evidence that climate change poses a real threat to human well-being and planetary health. It is widely recognised that climate change can adversely affect the full realisation of human rights for all. This includes rights such as the right to life, the right to adequate food, and the right to safe drinking water and sanitation. In our sector specifically, we see the gradual decline in labour productivity among outdoor workers and urban populations due to heat stress, with direct consequences for human health and life.

The building and construction sector accounts for more than one third of global energy demand, along with the related CO₂ emissions from energy and industrial processes. Materials commonly used in construction – such as concrete, steel, aluminium, glass, and bricks – are estimated to contribute around nine per cent of global energy-related CO₂ emissions. Heidelberg Materials' own production and products make up a significant share of these emissions on a global scale.

Therefore, we are committed to achieving net-zero emissions across our entire value chain by 2050 at the latest. Equally important is ensuring that our contribution to the transition towards a net-zero economy is just. This means safeguarding the human rights of all individuals involved in the transition. As part of this commitment, we have identified workers' health and safety, as well as the rights of workers throughout our supply chain, as key focus areas.

2.2 Our Approach to Climate and Environmental Responsibility

HMNE works systematically to reduce environmental impact and drive the transition to a net-zero future. Our approach is anchored in a climate transition plan aligned with the 1.5°C target, and our emissions reduction goals are validated by the Science Based Targets initiative (SBTi).

The transition plan is implemented through detailed country- and site-level CO₂ roadmaps, integrated into our business planning. These guide yearly progress in key areas such as alternative fuels, biomass, energy efficiency, and reduced clinker use. The roadmaps are developed with global and local expertise and approved by the Managing Board, followed by annual implementation reviews and continuous progress tracking by the ESG and Technical departments.

Key actions include:

- Developing low-carbon binders, such as fly ash, slag and natural pozzolan
- Increasing use of circular materials like recycled aggregates
- Shifting to renewable energy and alternative fuels
- Scaling up breakthrough technologies, including carbon capture and storage — such as the CCS facility in Brevik, Norway

All HMNE sites are ISO 14001 certified and undergo regular third-party audits. Risks and opportunities are assessed based on the UN Sustainable Development Goals and other key external drivers.

Our ESG governance structure includes the Head of ESG, Sustainability Managers, and a Climate and Energy Manager, who collaborate with the



Human Rights Coordinator to address potential human rights impacts arising from our environmental and climate footprints. Environmental Managers in each business line oversee implementation at plant and quarry level, focusing on emissions, biodiversity, and circularity. Permit processes are coordinated by a dedicated unit within the legal department, the Permit Hub.

Our work is guided by Heidelberg Materials' global environmental priorities: climate, circularity, biodiversity, and water — all aligned with international frameworks and translated into concrete, measurable action.

2.3 Our CO₂ emissions

For Cement, Precast and RMC the majority of our CO₂ emissions are embedded in the cement used. About two-thirds of the CO₂ emissions from cement production are created as a byproduct from the chemical reaction that takes place when the limestone is heated and turned into cement. The remaining part comes from the burning of fuels.

Across our business lines, we also have CO₂ emissions connected to transportation, energy and heating for our plants and sites.

Carbon Capture – industrial-scale climate action

Carbon capture and storage (CCS) is a cornerstone of HMNE's climate strategy. At our Brevik plant in Norway, the world's first full-scale CCS facility in the cement industry is nearing start-up. Once operational, it will capture 400,000 tonnes of CO₂ annually — 50% of site emissions.

A second facility is planned in Slite, Sweden, targeting 1.8 million tonnes per year. Together, these investments make net-zero and even negative-emission cement a reality.

Three pathways to low-carbon cement

HMNE is advancing sustainable construction through innovative cement solutions that reduce carbon emissions and promote resource efficiency.

1. EvoZero – cement with net-zero process emissions

HMNE has developed evoZero, the world's first cement produced with full-scale carbon capture and storage (CCS) in Brevik, Norway. The resulting cement has net-zero process emissions, contributing to the decarbonisation of construction materials without compromising performance.

2. Bascement Plus – reducing emissions with natural pozzolan

Bascement Plus achieves approximately 15% lower CO₂ emissions compared to traditional cement. This is made possible by replacing part of the clinker with volcanic pozzolan sourced from Iceland. The material is processed at HMNE's Degerhamn site and blended into cement in Slite, enabling lower-impact production using natural mineral resources.

3. EvoBuild – a framework for sustainable materials

The evoBuild product line brings together climate-improved and resource-efficient materials across HMNE's operations. Products carrying the evoBuild label meet clearly defined criteria for carbon reduction or recycled content, making it easier to identify and scale sustainable construction solutions across different markets.

2.4 Environmental impacts

2.4.1 Land use

Both our cement and our aggregates business extract raw materials from land. We also procure some steel and other raw materials that requires land use. Changes in land is the main driver of biodiversity and ecosystem change; which contributes significantly to the climate change impacts that affect people. It is widely recognised that our enjoyment of human rights depends on healthy ecosystems, and loss of biodiversity undermines our ability to enjoy human rights, including the rights to life and health, to food and water, and to cultural life.

Therefore, we work hard to increase biodiversity at our quarries, both during and post operations. When the industrial activity at a site has ended, the area must be returned by making it available for other use, for so-called post-treatment. We have carried out extensive research on biodiversity at and around our quarries for several decades and have an exceptionally good knowledge about the species that can be found there. In this regard, Heidelberg Materials Group has also adopted Group-wide policies for species protection. Heidelberg Materials Group is the first company in the construction materials sector to do this.

As raw materials such as limestone, sand, aggregates, slag, fly ash, and gypsum are non-renewable, we are taking action to reduce the use of such raw materials. For example, we use wet processing and recycled aggregates. We are also washing and reusing tunnel rock. Recycled aggregates are a part of our operations that will increase significantly in the coming years. Actions to reduce the use of limestone were outlined in section 2.3.

2.4.2 Impact on local communities

We have taken diligent efforts to ensure that we prevent negative impacts that our business has on local communities around our plants and sites.

We have constructed noise protections where necessary, including procedures for working hours to limit noise emission.

Regarding dust, we have implemented several different protections and measures to limit any potential negative impact. For example, depending on the plant or site, we water the driveways and access roads, maintain kiln cooler, control dust filters, cover conveyor belts, perform mixing activities inside buildings, use a central vacuum collector system in our cement silos, and employ a silo overfill warning system.

Where we have local water stress, we aim to identify and implement solutions minimising our impact or, as in Slite, improving the situation for the local community.

Process water is recycled back into the production of concrete. No water is discharged at our plants in Sweden and Estonia, and at some of the plants in Norway, Denmark, Iceland and Lithuania. We aim to implement water recycling at all plants.

To prevent spillage, we perform daily control of our vehicles. Our vehicles are further equipped with absorbents to manage accidental spillage. Oil tanks have double walls and overfill protection.

Case: electrifying transport together with Volvo CE

HMNE and Volvo CE are collaborating to reduce emissions from material transport through electrified solutions. Following a joint site analysis in Brevik, Slite, Skövde and Bro, the partnership has produced a shared roadmap for lowering CO₂ emissions while maintaining productivity. The project combines electric machines, digital optimisation tools, and flexible business models – showcasing how cross-sector collaboration can accelerate the transition to low-carbon construction.

Case: railway sleepers with improved environmental performance from Vislanda

Heidelberg Materials has inaugurated a new, state-of-the-art sleeper production facility in Vislanda, Sweden. The SEK 38 million investment enables higher efficiency and precision while reducing climate impact. Through measures such as recipe optimisation, recycled aggregates, bio-based heating, and LED lighting, the site has cut emissions by 20% over five years. With the introduction of evoZero cement from Brevik, the CO₂ footprint per sleeper is expected to drop by a further 60% – supporting more sustainable rail infrastructure.

2.5 Looking forward

To reach our net-zero emission goal we are undertaking many different activities and projects. The projects that will give the greatest contribution to our goal is the industrial-scale installation for carbon capture in Norway and Sweden. Furthermore, we aim to electrify our vehicles, machines and boats, and are constantly reducing fossil fuels emissions at our plants.

Another area where we aim to accelerate our efforts is circularity. We have a great opportunity to contribute to circularity as the materials we produce are both reusable and recyclable with a long lifespan. We are actively working to increase the lifespan of our products and to create slimmer precast constructions to reduce the use of raw materials.

We will continue to take diligent actions to limit any impact through air emissions, water consumption, soil contamination, noise emissions, or otherwise that we have on the local communities surrounding our plants and sites. Likewise, we will continue to promote biodiversity and a healthy ecosystem in and around our sites and quarries.

Case: plasma kiln – electrifying the cement process

HMNE has successfully tested what is likely the world's first plasma kiln for cement production, as part of the EU-funded ELECTRA project. The technology replaces fossil fuels with electricity, eliminating combustion-related CO₂ emissions and producing a stable, high-quality clinker.

Early results show improved process control, reduced ash, and a nearly pure CO₂ stream – making future carbon capture more efficient. The pilot kiln in Slite runs at 300 kWel, with a 1 MW version planned for testing in Skövde from 2026.



3. The right to a safe and healthy workplace

3.1 Introduction

Taking our commitment to the enjoyment of a decent workplace seriously, our commitment to Health and Safety is an integral part of all of our business activities and operations. Our goal is to avoid all unsafe conditions leading to death, injuries, permanent disabilities, or occupational illnesses, the foundation for our vision – Zero Harm.

There are several potential hazards in our operations and industry. From the production of building materials, i.e. cement, aggregates, ready mix concrete, and prefabricated concrete structures, our personnel is exposed to hazards such as dust, noise, moving objects and equipment, and much more, all of which constitute risks to people.

The Heidelberg Materials Group as well as HMNE continues to employ sound management, governing systems and documents as well as physical barriers to mitigate risks connected to our working environment. Also, robust procedures have been implemented to handle incidents, if they occur, and to mitigate consequences and enable lessons learned to avoid recurring cases.

In addition, we have over the last years had 46 of our companies in HMNE certified in accordance with ISO 45001 by accredited certification bodies. These certifications continue to be renewed at regular interval. This ensures that we manage our operations in terms of health and safety to protect our employees against harm. Every year, over 4,000 employees in HMNE receive mandatory training in health and safety. All sites put aside time, every year, for a Safety Week where fundamental training and exercises are carried out focusing on emergency handling, preventive measures and issues related to a safe and sound work place.

Finally, HMNE requires every unit to have contingency and emergency rescue plans in place to be prepared for potential incidents. We regularly monitor units to ensure that they live up to the requirements. These plans include documented risk assessments, taking into account probability and consequences, mitigating measures to reduce risks to a level of ALARP (As Low As Reasonably Practicable). Documented contingency and emergency plans are easily available at both company and plant level. Typically, posters with contact information to emergency services and internal stakeholders are hung up at strategic places in the plant. Further, crisis management teams are established at all sites.

Incident handling

If an incident takes place, whether it is a near hit or injury, we have tools/system, processes, training, and procedures to underscore proper handling to correct and prevent recurrence as well as implement lessons learnt across borders.

Safe Work – Healthy Life

3.2 How HMNE handles potential adverse impacts

Several policies, guidelines, working standards, procedures, IT tools and systems as well as training, inspection and monitoring regimes are implemented to support our pursuit of a Zero Harm environment.

The backbone of our health and safety efforts rests on the concept of continuous improvement employing the concept of Plan, Do, Check (PDCA) in every work area as it is laid down in HMNE's integral management system. Through a requirement to have all our companies in HMNE certified according to ISO 45001 – occupational health and safety management systems – we have built a robust framework to handle potential risks and impacts.

Training and coaching of managers at all levels is a prerequisite to ensure consistent and professional health and safety leadership. HMNE has implemented and runs such programs at all times. Introduction and follow-up training is emphasised to ensure that every employee is aware of how to act safely at all times.

Our system and database to handle health and safety incidents, if and when they occur, fulfill all requirements as regards reporting, investigation, cause analysis, and employment of proper preventive actions. The system provides features and measures to create reports, overarching analyses as well as lessons-learned documentation applicable to the entire enterprise.

Applying the concept of continuous improvement in all our undertakings, we further pursue our goal of Zero Harm. This concept, using the PDCA principles, is inherited in our own governing documents as well as the fundamentals of ISO 45001.

On the operational level, we apply the concept of PDCA in all undertakings and in our Health & Safety incident handling system – AID. Visible Leadership principles (using among others manager-employee safety conversation) are also employed (7,500 in 2023) to further improve the safety culture.

The PDCA Cycle

- 1. Plan**
Identify the problem
- 2. Do**
Test possible solutions
- 3. Check**
Verify effectiveness
- 4. Act**
Implement the best solution



Figure 2.

4. Working conditions in our supply chain

4.1 Our supply chain

The key raw materials necessary for our business, cement and aggregates, are produced by HMNE in the Nordics and Baltics. Even so, we have more than 10,000 different direct suppliers providing everything from crucial additives to different services ranging from cleaning services for our offices, legal services or logistic services.

This means our full supply chain is very broad and deep. We are therefore in the process of enhancing and deepening our own understanding of the impact our procurement practices have on both people and the planet across our supply chains and business partners. Throughout this work, we strive for openness and to be transparent both with our challenges and our successes.

HMNE has held several workshops led by an external human rights expert with procurement colleagues to dig deeper into the human rights risks present in our supply chain. The workshops, the HRRRA and a pilot supplier due diligence project undertaken during prior reporting periods form the basis for the risk assessment that has resulted in the identification of three key areas in our supply chain that we assess contain our biggest human rights risks. These risks areas are logistics, procurement of raw material and contracted workers.

4.2 Identified human rights risks

The fundamental factor that enables the perseverance of human rights risks in our supply chain is the inherent lack of control that characterises modern supply chains that are increasingly complex. The contracted workers who work on our sites or the truck drivers who drive our trucks are often engaged by companies who are in the third or fourth tier of our supply chain. This has traditionally lowered our visibility and made it difficult for us to establish sufficient oversight to ensure that human rights are fully respected, especially when the action or omission that causes the adverse impact occurs off our sites.

This lack of control makes us subject to the general sector risks of adverse impact on the human rights of contracted workers and logistics workers present in the countries that we operate in. Such risks for example include inadequate wages, presence of forced labour indicators, excessive working hours, and inadequate living accommodations. The risks are further amplified for vulnerable groups, such as migrant workers.

Further, we procure some raw materials from higher risk contexts. These procurement activities are connected to special risks of a more salient nature (related to for example labour conditions, forced labour, lack of freedom of expression and of association, and discrimination). Therefore, we will focus on performing in depth due diligence on such suppliers of raw material to identify and address any actual or potential adverse human rights impacts caused or driven by such procurement activities.

Suppliers in scope for enhanced due diligence

For this reporting period, we focused our efforts on the following groups of suppliers:

- **Migrant contracted workers**
All suppliers of contracted workers to our sites or our customers' sites who use migrant workers.
- **Raw materials**
Selection of raw material suppliers.
- **Logistics**
All vessel suppliers and a selection of trucking suppliers.
- **Prior knowledge**
All suppliers we have prior knowledge of misconduct or knowledge of specific risks related to that supplier.
- **Heidelberg Materials Group suppliers**
All suppliers identified by the Heidelberg Materials Group as high-risk after an analysis of country, sector and product/services risks together with spend.

4.3 Identified adverse human rights impacts

4.3.1 Allegation of non-compliance with working hours

When following up working hours at one of our sites, we noticed that a few workers employed by a subcontractor had worked for more consecutive days than what is common for a single work rotation in that local context.

We reached out to the subcontractor and through dialogue were able to identify deficiencies in their internal processes that allowed for the applicable working hour protocols to be exceeded. The subcontractor took immediate action to address these deficiencies.

Following this incident, we have closely monitored the working hours of the workers employed by that subcontractor and we have not been able to identify any further issues.

We have also reiterated our clear human rights commitment and our expectations on our suppliers to share this commitment, as outlined in our Supplier Code of Conduct, to our direct supplier.



4.4 Our approach to supply chain due diligence

Our risk-based approach has directed our supply chain related human rights due diligence efforts towards setting up and implementing an enhanced human rights due diligence process for our most high-risk suppliers. This process follows the steps outlined in figure 3.

We will continuously work to identify areas in our supply chain where we have heightened risks for adverse human rights impacts and include any such suppliers in our enhanced due diligence process. These efforts will include input from key stakeholders, such as the labour unions in our sector.

The due diligence is initiated by asking the supplier to answer a standardized questionnaire by a leading provider of supply chain sustainability management solutions. Unless we can, based on the supplier’s answers and the general risk picture, exclude them from further due diligence, we will ask the supplier to answer a more in-depth questionnaire specifically developed by us to give us an insight into the risks that a supplier is facing and what actions they are taking to address those risks. Based on the input from these questionnaires, we will proceed with further due diligence actions as necessary. For example, this may include, additional questions and document requests, management interviews, site visits and/or worker interviews.

The goal of this due diligence process is not to identify suppliers with risks and exclude them from further procurement activities. Instead, we strive to work together with the supplier in order to raise their level so that they meet our expectations. To that end we will, when necessary, together with the supplier develop an action plan that is intended to address any insufficiencies in the supplier’s efforts to ensure respect for human rights.

Finally, we are fully aware that follow-up and continued monitoring (with KPIs) of these suppliers is key to the success of our efforts. In our action plans, will we strive to include clear KPI that allows us to track progress.

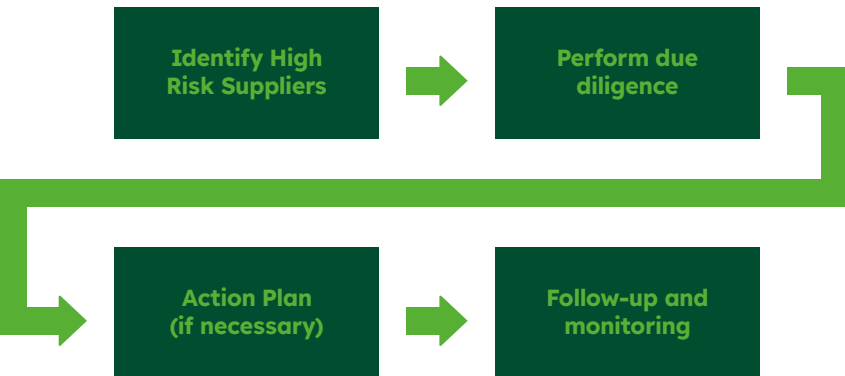


Figure 3.

Enhanced due diligence process

We identified an initial batch of 118 suppliers fitting the criteria to be part of our enhanced due diligence process. Additionally, 23 suppliers were directly made subject to further due diligence. A total of 141 suppliers have been a part of our enhanced due diligence process.

We have been successful in gathering answers from all 118 suppliers to our initial standardized questionnaire. This exercise gave us the key insights necessary to exclude 66 suppliers from further due diligence action, thus enabling us to more accurately target our efforts where our salient risks lie.

For the remaining 75 suppliers, 66 have answered our in depth questionnaire. Out of these 66 suppliers, 32 suppliers required even further due diligence. We engaged these suppliers in dialogue to better understand which human rights risks their business faces and how they work with human rights due diligence. Following this dialogue, we identified 23 suppliers that need to further develop their human rights work in order to meet our expectations.

For these suppliers, we have adopted actions plans. The action plans were accompanied with an annex explaining in detail how to practically attain compliance with our expectations. Following the adoption of the action plans, we had meeting with the suppliers and went through its contents, our expectations and scheduled a follow up call. During these meetings, we discovered that some suppliers had voluntarily already improved their work with human rights due diligence after having received our feedback in the initial dialogue prior to the adoption of an action plan.

Case study

Through our in-depth due diligence questionnaire, we identified that one of our raw material suppliers lacked sufficient internal controls and efforts to monitor their suppliers from a human rights perspective. We invited the supplier to a meeting where we discussed their operations, supply chain and how they mitigate human rights risk.

We identified that the transport of goods to customers posed the highest human rights risks in the supplier's business as they had no insight into the working or living conditions of the transport workers in their supply chain. Further, they assumed that their suppliers followed applicable laws without exercising any structured oversight or follow-up with their suppliers. Rather, they would on an ad hoc basis monitor geopolitical development but had not taken any action to further their understanding of their supply chain.

Following, our meeting we adopted an action plan with the supplier and set the expectation for them to introduce a human rights due diligence procedure and contractual clauses setting out the right to perform due diligence on their suppliers. At the meeting with the supplier where we discussed the contents of the action plan, the supplier informed us that they had voluntarily taken some steps in line with our action plan already after the first meeting. We set a follow-up meeting with the supplier in six months and provided further guidance through email based on what was discussed at the meeting.

Supplier Code of Conduct and Responsible Business Terms of Use

We strive to ensure that all our agreements with our suppliers include both our Supplier Code of Conduct and a set of contractual clauses that we call Responsible Business Terms of Use.

Our Supplier Code of Conduct includes our key expectations for our suppliers in the areas of working conditions, environmental standards and business ethics. The Supplier Code of Conduct also outlines our expectation that the supplier shall adhere to the principles of the core conventions of the ILO, the ten principles of UN Global Compact, the OECD Guidelines, and the UNGP.

The Responsible Business Terms of Use set out a contractual obligation for the supplier to respect human rights as well as establish and maintain a human rights due diligence process in line with the UNGP. They also give us the right to request information and perform audits to ensure that the supplier honors these commitments.

Looking forward

As we continue to operationalise our policy throughout our business, we have seen the need to strengthen certain parts of our internal processes. A key part of that is to continue the work to involve more of our people and our suppliers into our human rights efforts. Our success depends on the efforts and expertise in every corner of our business.

This is also our greatest challenge. We are a big organisation working across different business lines which requires our efforts to reach a lot of people in order for them to be effective. This forces us to be humble and recognise that implementation will be a continuous effort that will take time. However, we are firmly committed to ensure that we always make progress, even if incremental.

That being said, our immediate focus always lies where we judge our most salient human rights risks to be.

We will take additional steps to further front load our HRDD work in projects in the planning phase, as early engagement with possible suppliers prior to contract award is required to facilitate compliance with our expectations and to identify and implement effective ways to avoid or mitigate risks.

Finally, since the world around us, our business and our insight into our human rights impact continuously evolve, we continuously adjust and improve our policies, processes, actions, and decisions based on learnings and growing capacity within the organisation.

