HEIDELBERGCEMENT

2020 Capital Markets Day

16 September 2020

Leading the Way to Carbon Neutrality

Jon Morrish
Member of the Managing Board

1. Strong track record of reducing CO_2 emissions
2. Setting new industry leading targets for 2025 and 2030
3. New targets underpinned by a clear roadmap
4. Leveraging our strong local sustainable and low-carbon product portfolio to further drive down emissions
5. Driving critical breakthrough CO_2 reduction initiatives to reach carbon neutrality by 2050 at the latest

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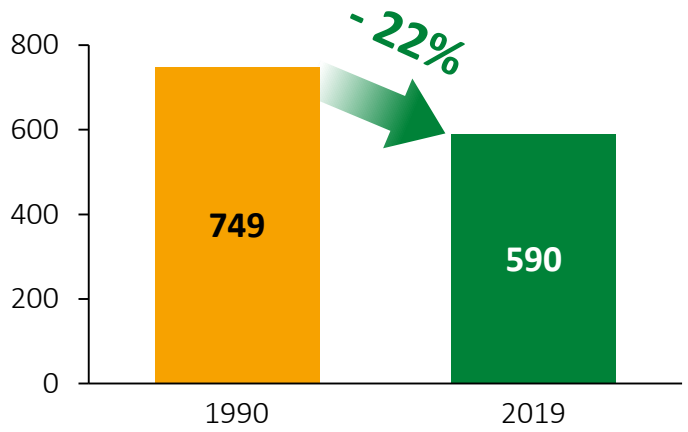
Strong track record of reducing CO_2 emissions

Specific net emissions kg CO_2/t cementitious: Our achievements so far



SUSTAINABILITY COMMITMENTS 2030

SCIENCE BASED TARGETS

CDP A LIST 2019 CLIMATE

CO_2 reduction targets are an integral part of our strategy

- By 2019, we had reduced our specific net CO_2 target by 22% from our 1990 baseline
- The Carbon Disclosure Project (CDP) rated HeidelbergCement with an A score in 2020, upgraded from "A-" in 2019
- We are the 1st cement company to receive confirmation from Science Based Targets initiative (SBTi) that our CO_2 reduction target is in line with the goal of Paris Agreement – to limit global warming to below 2°C
- Clear commitment to Task Force on Climate-related Financial Disclosures (TCFD) compliant reporting

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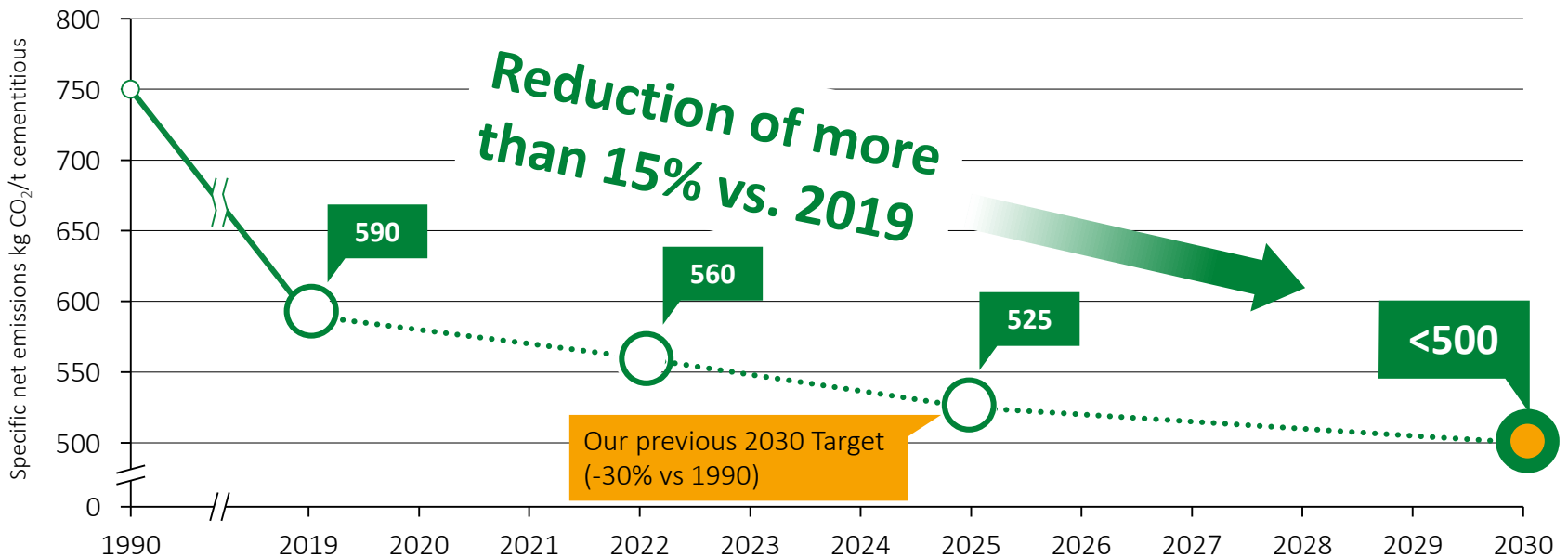
Industry-leading emission target of <500kg/t by 2030

Our previous 2030 target will already be met in 2025
New 2030 CO_2 target

SUSTAINABILITY COMMITMENTS 2030



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Our new CO_2 targets are underpinned by a clear roadmap

- Each country has a detailed **bottom-up carbon roadmap**
- All measures agreed with local management at plant level
- Carbon roadmaps are embedded in management incentive schemes
- Carbon roadmaps rolled out globally – not just in the EU

CO_2 specific CapEx of approx. €50 m p.a. on average over the next 10 years

LEILAC project: Lixhe, Belgium

Less clinker incorporation and more biomass are key levers for CO_2 reduction

5 levers to meet our 2030 target

Product mix

-5% pts

Clinker incorporation:
2019 until 2030:
75% to 70%

Alternative fuels

+100%

AF rate:
2019 until 2030:
24% to 43%

Biomass rate:
2019 until 2030:
9% to 19%

Low emission fuels

Increased usage of gas as fuel (-40% CO_2 emissions/GJ compared to coal)

Footprint changes / plant efficiency

All major overhaul investments targeting CO_2 reduction (e.g. EU, US)

Commercial levers

Increased share of sustainable low carbon concrete products

Leveraging our strong local sustainable and low-carbon product portfolio

A short list of some of our sustainable / low carbon products and solutions

Products / Solutions	Brands	Details
Low carbon concrete products	-60% EcoPlus®; -20% Nor Lavkarbon®	– EcoPlus uses ground slag as secondary cementitious materials (SCM) to reduce CO_2 intensity in concrete – Nor Lavkarbon uses fly ash as SCM to produce low carbon concrete
Concrete with recycled aggregates	-70% Ecocrete®; -45% Green Concrete	– Ecocrete is a sustainable / eco-friendly concrete with up to 100 % recycled aggregates and low CO_2 cement – Green Concrete uses recycled materials and slag to reduce CO_2 content
Innovative low carbon construction solutions	-40% i.power RIGENERA®; -50% i.Tech 3D	– i.power RIGENERA: concrete jacketing solution for structural retrofitting – i.Tech 3D: high-tech concrete specially formulated for 3D printing technologies
Solutions for energy transition and clean air	TioCem®; Powercrete®	– TioCem: photocatalytic cement that decomposes NO_x in the surrounding air – Powercrete: high-performance heat-conducting concrete for long distance underground cable power transmission

Approx. CO_2 reduction potential vs. ordinary concrete, except in the case of i.Tech 3D & i.power RIGENERA (reduced concrete application)

Deep dive: Ecocrete

Ecocrete®

Up to 70% lower CO_2

Product description:
Sustainable/ eco-friendly concrete with up to 100% recycled aggregates and low CO_2 cement

Range of application:
Residential, non-residential, floors, foundations

Advantages:
– Up to 70%[1)] lower CO_2 per m^3 concrete
– Reduces need for primary aggregates
– Promotes circular economy
– Wide range of applications

Reference project: Heelmeesters, Netherlands

The Dutch government's plan of using all demolished concrete in concrete production by 2030 creates a great market opportunity!

1) Compared to ordinary concrete. Ecocrete uses low CO_2 cement (CEM-III instead of CEM-I)

Deep dive: i.Tech 3D

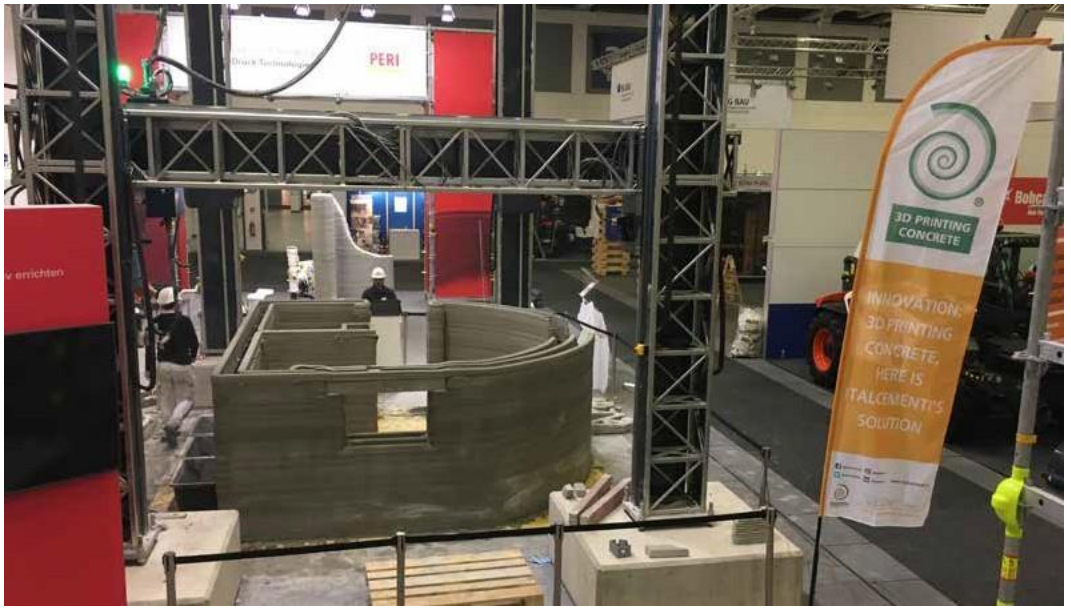
i.Tech 3D

Up to 50% lower CO_2

Product description:
High-tech concrete that can be used for construction solutions by means of 3D printers

Range of applications:
Buildings, precast elements and urban furniture, columns, facades, stairs

Advantages:
- Up to 50%[1)] less concrete leading to ~50% less CO_2 emissions per element
- Higher rapidity, productivity and lower labor costs[1)]
- Flexibility: usable for complex shapes & different 3D printing technologies

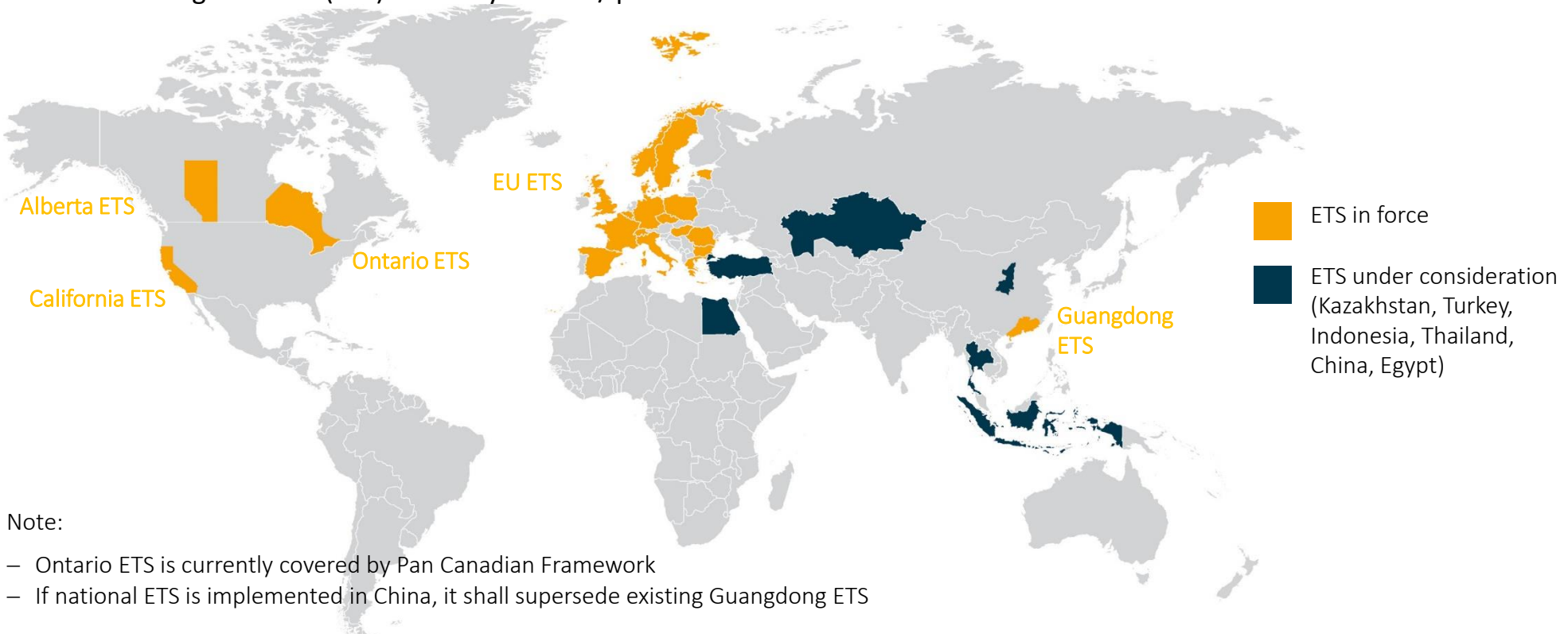


3D printer at Bautec fair in Berlin built a 14m² room each day

1) Compared to traditional construction

Carbon emissions regulations are being tightened worldwide

Emission trading schemes (ETS) currently in force/ planned across HC markets

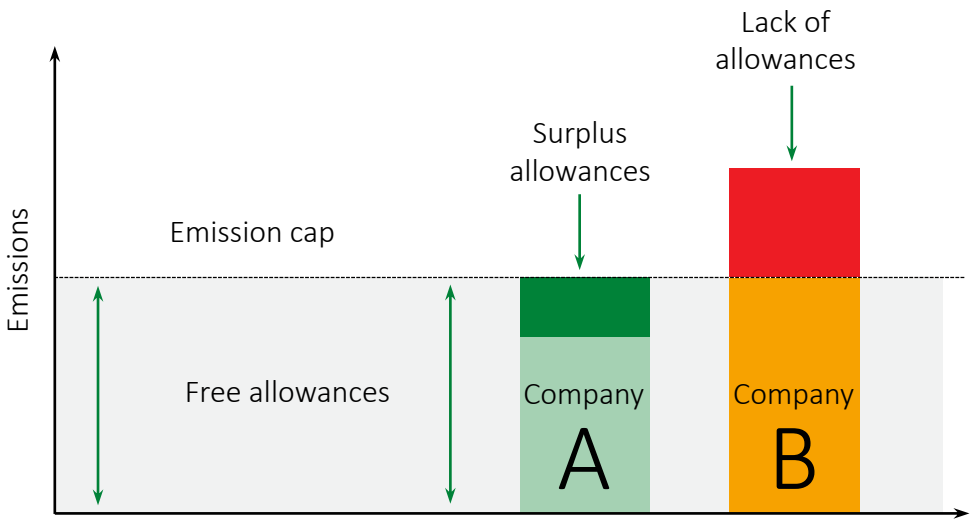


Note:

- Ontario ETS is currently covered by Pan Canadian Framework
- If national ETS is implemented in China, it shall supersede existing Guangdong ETS

EU-ETS system acts as a global blueprint

ETS regulatory framework



- The EU-ETS is the blueprint for other cap and trade emissions trading schemes globally
- Free allowance certificates are issued to cement companies below an emission cap
- Current CO_2 price at approx. €30 (as of 14 September 2020)
- The emission cap reduces progressively. The next reduction (Phase 4) takes place in 2021
- HC are “long” on EU-ETS certificates until 2023

Actively engaging policy makers to drive change

1. Establish a global level playing field by introducing carbon border adjustments (starting in EU by 2025 latest)
2. Enable carbon-neutral CO_2 transportation infrastructure from plants to industrial hubs for CCU/S
3. Create predictable and reliable legislative environment that supports a shift to a climate neutral society

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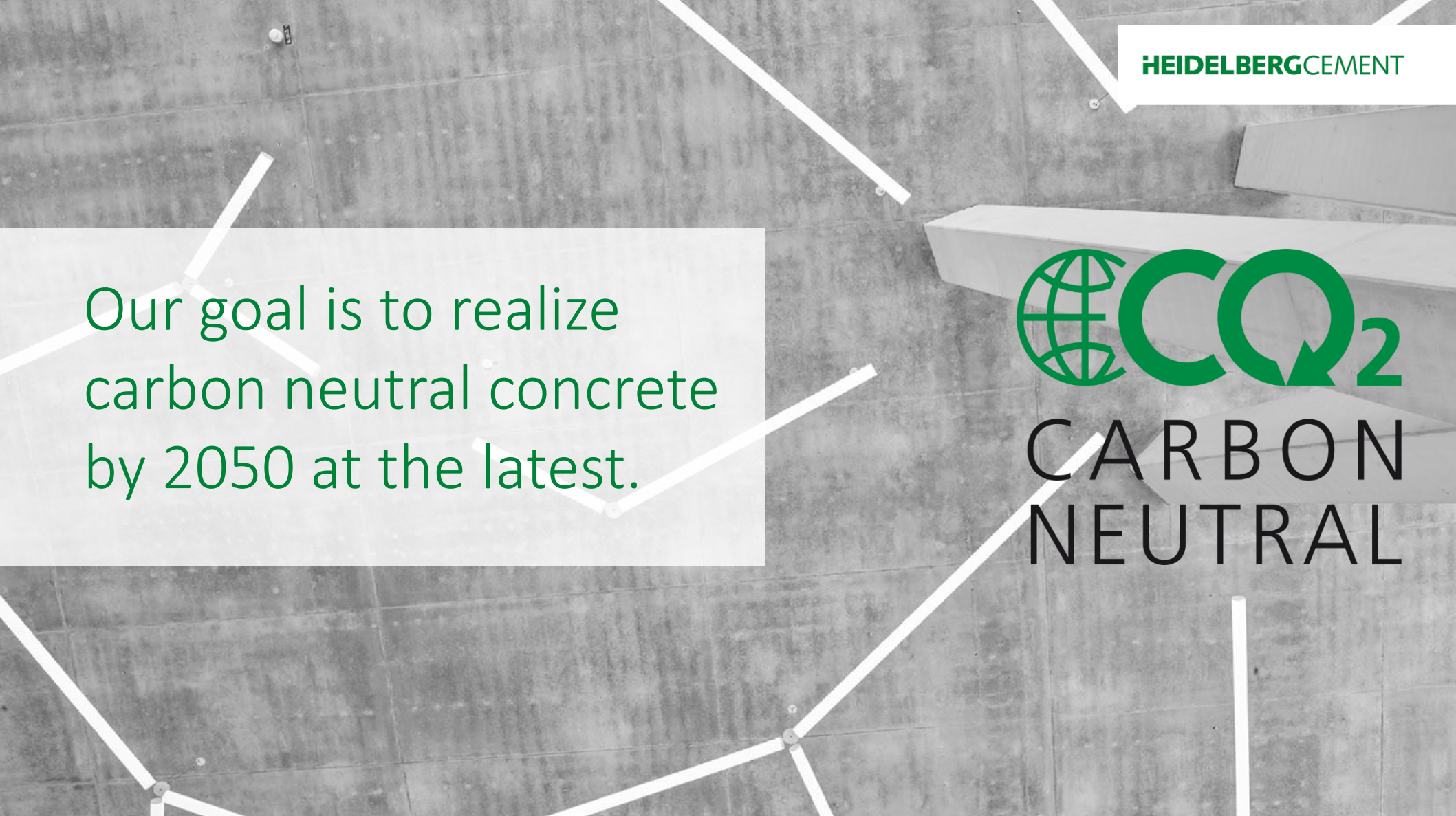
Policy principles (medium term) HC advocates

4. Government funding in the development and implementation phase for de-carbonization technologies
5. Promote sustainable construction solutions to foster a market demand for low carbon products
6. Establish conditions for circular economy (integrate recycled materials in building standard, reuse of all demolished concrete)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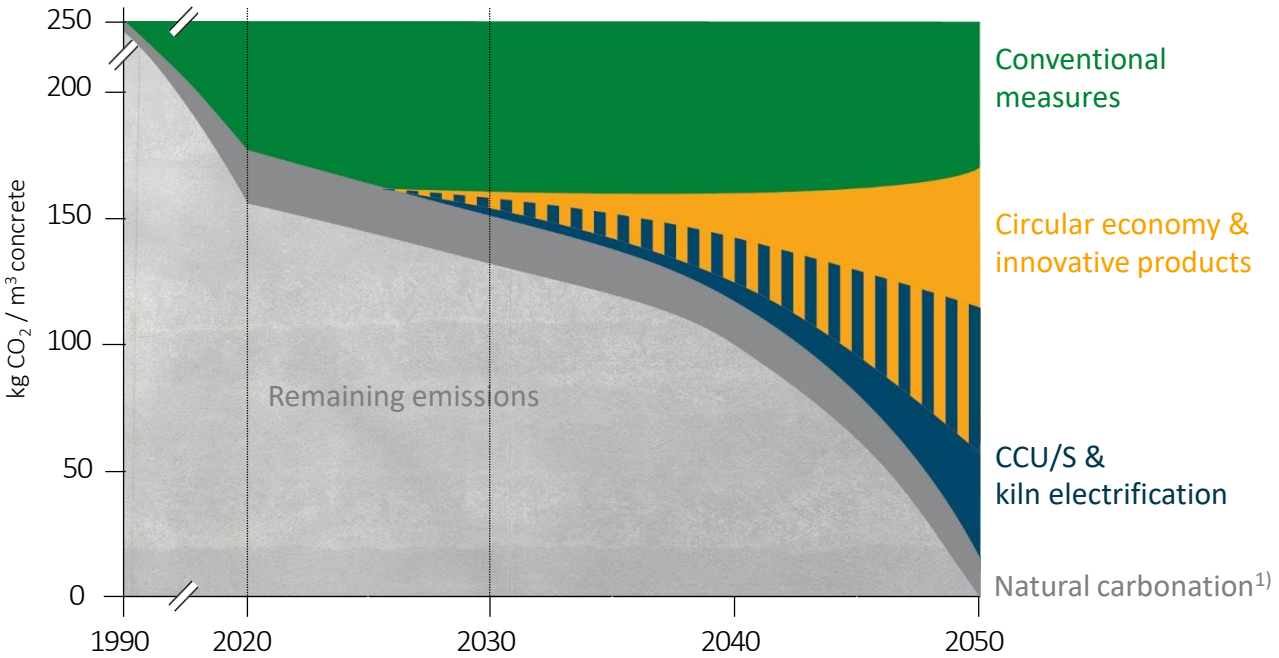
Our goal is to realize carbon neutral concrete by 2050 at the latest.
CO2
CARBON NEUTRAL

Carbon neutrality by 2050 requires a variety of localized approaches

Our approach to carbon neutrality



1) Natural carbonation is the absorption of CO_2 from the atmosphere during the lifetime of a concrete construction

Circular economy & innovative products

- Recycled materials (recycled aggregates, recycled concrete paste as raw material)
- Alternative cementitious materials (e.g. calcined clay, carbonated recycled concrete paste)
- Low carbon clinker types (example: Ternocem, CSA)
- Low carbon cement types (example: MultiComponentCement – CEMII/C-M)

CCU/S & kiln electrification

- Carbon Capture & Usage (high protein animal feed, manufacture of fuels, carbonates and chemicals)
- Carbon Capture & Storage (amine scrubbing, Oxyfuel technology, LEILAC)
- Hydrogen & kiln electrification projects

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Circular Economy – many recycled aggregates activities already well established

	 Australia	 USA (CAL)	 Germany	 Netherlands
Business description	Mature, stand-alone business (Alex Fraser Group)	Ancillary activity at HC sites	Ancillary activity at HC sites	50/50 JV (Rewinn B.V.)
Locations	5 sites	8 sites	7 sites	1 site
Main final products	Mostly road base (80%), aggregates, sand, dust	Road base	Road base	Aggregates for HC RMC, road base

- Recycled aggregates have become increasingly important for HC considering their CO_2 reduction potential
- Recycled aggregates to be further developed to secure future volumes for tomorrow's re-carbonation processes

CCU/S – driving innovative projects and technologies with significant potential

TRL 8

Post combustion (Amine)

Early Stage: 4 research projects in Europe
Pre-industrial: Edmonton, Canada
Industrial/commercial scale:
Brevik, Norway

TRL 5

Oxyfuel

Early Stage: Preparatory research work done together with ECRA/UMONS
Pre-industrial: CI4C, Germany

TRL 6

Direct separation (LEILAC)

Pilot: LEILAC-1, Belgium
Pre-industrial: LEILAC-2, Germany

TRL 8

Micro-algae

Early Stage: 3 research projects executed in Sweden, Turkey & France
Pre-industrial: Safi, Morocco

TRL 7 to 8

Hydrogen

Pre-industrial: Carbon neutral H_2 based fuel, pilot at Ribblesdale, UK
Industrial/commercial scale:
H_2/O_2 HydrOxy combustion, France

TRL 3

Kiln electrification

Early Stage: Feasibility studies CEMZERO, Sweden, ELSE, Norway & LEILAC-2, Germany

TRL - Technology Readiness Level (scale from 1-10, 1 being very early stage and 10 being industrial scale)

Northern Lights at Norcem Brevik – the first global CCS project in Cement

CO_2 capture

– Aker Solutions technology (more than 7,500 hours of testing at Brevik completed)

CO_2 transport

– By ship
– Responsibility - Equinor

CO_2 storage

– Offshore storage in the North Sea
– Planning by Equinor and partners

Facts

Technology:
Amine - Post combustion capture

Scope:
Capture, liquefaction, pipe transfer, storage on quay

Strategic Partners:
Aker Solutions (capture technology), Equinor, Shell and Total (transport & storage)

Annual CO_2 captured:
approx. 400,000 t per year (approx. 50 % of plant emission)

External funding requirement:
>80%

2019-2020
FEED study assessed by 3rd party

2020 (Dec.)
Parliament approval to be granted

2021
Project start

2024
Project commissioning

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