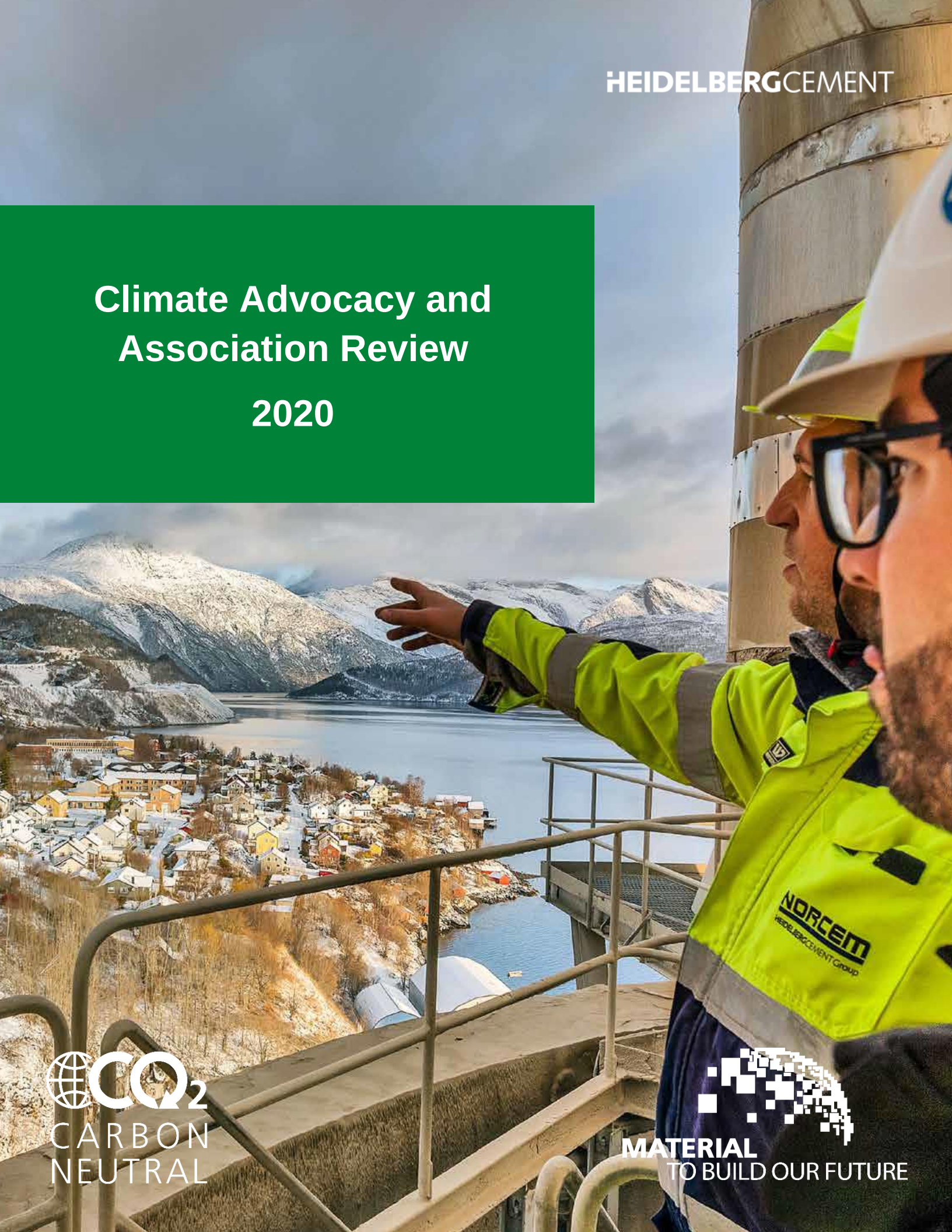
HEIDELBERGCEMENT

Climate Advocacy and Association Review 2020



CO2 CARBON NEUTRAL

MATERIAL TO BUILD OUR FUTURE

Content

Introduction

As an energy-intensive company, we are committed to fulfilling our share of the global responsibility to keep the rise in worldwide temperature well below 2 º Celsius, as set out in the Paris Agreement. We accept our responsibility to continuously reduce the carbon footprint of our production processes so that we will be able to provide carbon-neutral concrete to all our customers latest by 2050.

HeidelbergCement cooperates proactively with policy makers, communities, sectoral business partners and other stakeholders to create the appropriate framework conditions to support the implementation of sustainable solutions for climate change mitigation and adaptation. We advocate for a predictable and reliable legislative environment that supports the introduction of sustainably produced and performing building materials and fosters the transition towards a climate-neutral society. We have established governance structures to ensure that political interest representation is aligned with our Group-wide climate policy.

With this report we document our position on energy and climate policies to ensure industry transition towards a carbon-neutral economy without jeopardizing prosperity and we detail our governance processes to ensure alignment with our climate policy when engaging in direct and indirect advocacy.

Regarding indirect advocacy, this report describes the outcome of our review of 10 key associations and initiatives regarding their alignment with our own positions concerning industry transition and climate protection. The result of the assessment shows a good general alignment with the 10 key associations assessed. 5 associations are fully aligned with HeidelbergCement positions in relevant issue areas concerning industry transition and climate change, while 3 associations are partially aligned, and 2 associations are partially misaligned. No association is fully misaligned.

As part of our ongoing due diligence, we aim to publish an updated report on our associations and memberships on a regular basis.

HeidelbergCement's positions on industry transformation and climate protection

During the 2015 United Nations Conference of the Parties of the UNFCCC 196 state parties adopted the Paris Agreement – a framework to limit global warming to 2°C or even 1.5°C. HeidelbergCement fully supports the Paris Agreement as laid out in its Group-wide Climate Policy and has developed a comprehensive strategy and underlying action plans for all its assets with the clear commitment to offer carbon-neutral concrete across the product portfolio by 2050 at the latest.

Climate change is a global issue and should therefore be tackled on a global level. HeidelbergCement advocates for global level playing field conditions to enhance effective responses to climate change, based on sectoral and local action. We have set our own binding emission reduction targets in alignment with the Paris Agreement and will continue to cooperate closely with industry peers as well as competent advisors and suppliers to reduce the carbon emissions of our industry. At the same time, we are strengthening our cooperation with associations across our product value chain to move toward net zero carbon buildings by 2050.

In political engagements we do not comment on politically set ambition levels for emission reduction targets, but on necessary policy instruments to meet these targets. Our political engagements concerning industry transition and climate protection focus on the aspects of carbon pricing, energy transition, CCU/S, circular economy, sustainable construction, and sustainable finance. These aspects determine our ability to fulfill our commitment to offer carbon-neutral concrete across our product portfolio by 2050 at the latest. Due to the bottom-up approach of the Paris Agreement, countries show varying levels of ambition and implement different policy frameworks. Hence, the Group positions described below serve as a guidance for developing specific positions reflecting the international, supranational, national, or local contexts of our political engagements.

Carbon pricing and carbon leakage protection

We need a global level playing field creating the same carbon cost burden for all market participants to make carbon-neutral production a business case.

A global framework is the best option to incentivize emission reductions, as it internalizes external carbon cost and incentivizes investment in emission reduction by ensuring a global level playing field. Sector-specific cap and trade schemes are the most cost-effective carbon pricing systems because they guarantee that emissions will fall below predetermined emissions targets considering hugely different abatement costs in the different sectors.

In absence of a global carbon price, national or regional carbon pricing schemes need effective carbon leakage protection to avoid deindustrialization and incentivize emission abatement.

Carbon leakage protection acts as a proxy for an absent global level playing field either by ensuring equal production cost levels for all market participants or by compensating competitive disadvantages. Carbon leakage protection measures need to ensure that carbon pricing delivers effective and comprehensive carbon emission reduction results. Ensuring that all market participants bear the same cost is the best way to ensure a level playing field while incentivizing emissions reductions, because carbon costs are fully internalized.

The implementation of new cap and trade schemes systems or any changes to existing carbon leakage protection measures needs to be introduced gradually to avoid system shocks and market discrimination of certain products.

Energy transition

We need sufficient and secure supply of renewable energy and alternative fuels with high biomass content at competitive prices.

The transition to a carbon-neutral economy demands a vast supply of renewable energy and additional generation capacity. As the deployment of low-carbon breakthrough technologies will increase demand of renewable energy, policies to scale-up renewable energy and incentivizing fuels switches to non-fossil sources need to be implemented.

Policies must be developed that ensure competitiveness of energy-intensive industries by implementing cost-effective support schemes for energy transition. Due to lower financing cost, models based on the concept of contracts of difference should be the preferred policy option. Policies concerning the scale-up and increased offtake of renewable energy must ensure that the cost of climate-neutral energy sources (electricity, hydrogen, alternative fuels) is brought below current levels.

Hydrogen will become an important energy commodity and resource in a carbon-neutral economy. Political efforts should focus on accelerating an international market build-up and strengthen international cooperation. While the goal is to satisfy future demand with green hydrogen, other options of hydrogen production should be utilized as well for the time being. Technology choices should be based on the carbon footprint of hydrogen production. This accelerates the build-up of an international hydrogen market and reduces cost during the build-up phase. Hydrogen volumes should be dispatched with priority to industrial users to accelerate industry transition. Utilizing hydrogen as a fuel or resource in energy-intensive industries provides high emission avoidance potential.

Carbon capture and utilization (CCU)

We need a positive investment climate making circular carbon solutions competitive to minimize the need for carbon storage of otherwise unavoidable process emissions.

Two thirds of direct emissions in cement production are unavoidable process emissions from calcinating limestone into clinker. CCU offers an option to minimize the need for storing such process emissions by creating a circular economy.

Fast development of international transport infrastructures for hydrogen and carbon, connecting emitters with users, is a necessary precondition and should become a political priority.

Public financial support for scaling necessary technologies to market readiness needs to be ensured. Making circular carbon business models competitive in comparison with conventional linear business models demands the temporary compensation for cost disadvantages for early movers. OpEx support schemes and acknowledging emissions avoidance resulting from CCU in carbon pricing schemes should be implemented to incentivize CCU.

Carbon capture and storage (CCS)

We need to develop and deploy carbon capture and storage to tackle unavoidable industrial process emissions, which cannot be utilized via CCU applications.

HeidelbergCement welcomes political initiatives to develop CCS. Two thirds of direct emissions in cement production are unavoidable process emissions from calcinating limestone during the clinker production process. In case of lacking options to sustainably utilize captured carbon emissions, carbon capture and storage tackles the challenge of unavoidable process emissions.

The deployment of carbon capture and storage technologies demands fast development of international and ramified CO_2 transport infrastructures (ships, railway, pipelines) connecting emission sources with storage sites, as this is a necessary precondition to create viable business models for carbon capture and storage. Infrastructure planning should therefore be a priority for political decision makers.

The capture and storage of biogenic carbon emissions (Bioenergy with Carbon Capture & Storage – BECCS) enables negative emission capabilities to offset residual emissions in other sectors or CCU applications. To enable negative emissions or compensating residual emissions, the deployment of carbon capture and storage should be accelerated by rewarding the capture and storage of biogenic emissions through issuing tradeable negative emissions certificates in carbon pricing schemes. To optimize the impact of negative emissions and leverage synergies resulting in reduced cost, alternative fuels with high biomass-content should be routed towards industrial high temperature processes in combination with foreseen access to CO_2 transport infrastructures.

Circular economy

We need to change market conditions to reroute material flows towards circular business models and products without penalizing necessary virgin raw materials extraction.

Construction and demolition waste recycling rates are high in most developed countries, but many fractions are currently being downcycled. Other materials suitable for reuse are being landfilled. Material flows destined for downcycling and landfilling should therefore be rerouted for circular reuse in cement and concrete production to fully close materials and carbon cycles.

Rerouting material flows towards circular products should be incentivized by revising demolition waste management regulations and implementing disposal bans or fees matching at least the cost of reusing the recycled material for new construction purposes. The market access of circular products needs to be made easier by revising product and construction norms and by creating market demand through sustainable procurement principles. Momentum for using recycled products can be created by implementing financial incentives for private customers and by deploying green public procurement schemes, based on a full life-cycle-analysis, considering carbon footprint and other sustainability-related aspects, such as recyclability.

Virgin raw material taxes or recycling quotas are mostly not suitable for incentivizing circular business models, as they only increase the cost base of construction material producers without incentivizing a rerouting of material flows towards recycled products, independent from the fact that the total amount of available waste materials is not matching the demand for construction materials. To avoid use conflicts between after use obligations of raw materials extraction sites and circular products, after-use concepts should not demand backfilling and instead incentivize biodiversity-focused rehabilitation concepts by rewarding the creation of nature reserves.

Sustainable construction

We need to consider the full life cycle of the built environment, focus on circular economy measures, and foster resource-efficient construction material production without technology reservations.

Choosing the most sustainable building material demands a full life-cycle assessment of a construction project and a consideration of conflicts with other sustainable development goals. This needs to be based on a harmonized and non-discriminatory methodology relating the carbon footprint to the performance of a construction material for all larger construction projects.

To improve the availability of more sustainable construction materials, the marketing of innovative circular products and access to necessary materials must be eased by revising current product and construction norms and rerouting material flows for circular reuse in construction materials production. Implementing fiscal incentives for users or green public procurement schemes considering the full life cycle, recyclability, and performance of products besides just the price, is needed to stimulate the market demand for more sustainable construction materials.

Sustainable finance

We need an enabling financial framework that rewards investment into industry transformation with better access to finance and lower capital cost.

To ensure that low-carbon breakthrough technologies can be scaled and deployed with minimal financial risk, state aid guidelines for public funding of low-carbon breakthrough technologies must be revised to enable CapEx and OpEx support compensating competitive disadvantages compared to conventional production.

Taxonomies defining what sustainable business practices are should be harmonized and implemented globally to create a level playing field. They need to provide clarity and solutions for potential misalignments between conflicting environmental and social objectives and by this to ensure access to capital needed to invest in low-carbon breakthrough technologies. To avoid unintended barriers for access to finance, any taxonomy should focus on the end of a product value chain and provide criteria for intermediate solutions based on technology openness.

New financial instruments should enable easy access to finance by providing more options for issuing green bonds. To provide relevant information to capital markets and to avoid competitive distortions, reporting requirements should be globally harmonized and focus on future-oriented KPIs that provide information on the future corporate resilience of a business, as proposed by the Taskforce on Climate-related Financial Disclosure (TCFD).

Conduct and governance of political engagements

HeidelbergCement recognizes the importance of carrying out political engagements in a fair and transparent manner and pursues a constructive dialogue with political stakeholders. Political engagements are important for us to understand trends and anticipate regulatory expectations and developments as well as to communicate and advocate for our views. We conduct these engagements directly via own representatives and indirectly via industry associations.

HeidelbergCement conducts all political engagements in a politically neutral manner and extends views on relevant issues, but not on political parties or individual policy makers. To foster transparency, we report on our activities and publish the names our representatives in applicable transparency registers and support the implementation of such registers in jurisdictions which have not yet done so.

We conduct any political engagement in compliance with our own code of business conduct and other company policies, such as our climate policy, data protection policy, compliance policy, as well as our competition law and anticorruption guidelines. Our employees will never offer, provide, or accept, either directly or indirectly, any undue pecuniary or other advantage for the purpose of obtaining any improper advantage. Representatives of HeidelbergCement will always identify themselves by name and affiliation when acting on behalf of the company. Our representatives will always provide facts-based and accurate information during political engagements.

HeidelbergCement does not fund political parties. The same applies to members of governments and parliaments or electoral candidates. These rules do not apply to legally constituted groups of employees (e.g. political action committees in the U.S.). Any sponsoring of individual events in a political context must be approved by the responsible General Manager in alignment with the Director Group Communication and Investor Relations. All sponsoring will be made transparent.

HeidelbergCement encourages employees to participate in the political process. Employees are free to make political contributions, including contributions to political action committees sponsored by trade associations or other groups, or otherwise participate in the electoral process in their own personal capacity. In making a personal contribution, the employee may not hold himself or herself out as making that contribution on behalf of or at the direction of HeidelbergCement. Our representatives tasked with political engagements will always clarify if they are speaking on behalf of HeidelbergCement or in a personal capacity. When speaking on behalf of HeidelbergCement, representatives will liaise with Senior Management on political engagements and align their messages with prior defined and approved Group positions.

We assure global alignment of our advocacy work and our activities in associations through governance processes leveraging interdisciplinary task forces that include experts from Group staff functions and operations to formulate Group positions. This approach ensures that the latest developments in technology and policies are considered when preparing Group positions.

Six interdisciplinary working groups comprising experts from different departments are responsible for the topics of CO_2 management, sustainable land management, sustainable construction, social responsibility, sustainability strategy and risk management, as well as sustainability ratings and reputation. Several subgroups have been allocated to each of these topics, which are coordinated by steering committees, as in the case of CO_2 management. The working groups report to the Managing Board. They coordinate all issues relating to environmental sustainability and climate change at Group level by defining positions, guidelines, goals, and measures, as well as coordinating their implementation.

The local management is responsible for adapting Group positions to the relevant legislative and regulatory contexts and for communicating those positions to government officials. Group Communication & Investor Relations is supporting local operations and ensures principal alignment with Group positions is ensured. Internal expert groups and networks are also utilized to inform relevant staff about adopted Group positions.

Direct engagements concerning industry transition and climate protection

HeidelbergCement increased its direct political engagements on political framework conditions concerning industry transition and climate protection throughout 2020.

Our senior and top management engaged in several public panel discussions as well as high level workshops and multi-stakeholder events oriented towards the European Union and German government to provide HeidelbergCement's views on necessary policy instruments to achieve industry transition and climate protection. These engagements were primarily concerned with the need to implement a carbon boarder adjustment mechanism within the EU ETS and the need to accelerate deployment of CCU and CCS. During these engagements senior and top management representatives pushed for fast deployment of CO_2 infrastructures and a revision of existing regulations to enable acceptance of avoided emissions via CCU and CCS in emission trading schemes. Our senior and top management is also directly involved in our key associations.

Apart from high level policy engagements by top and senior management, our Group government affairs staff engaged directly in exchanges with European Commission staff and government representatives in Germany to provide information on company positions in work-level meetings. These engagements were primarily concerned with the issue areas as described above. Our government affairs staff also participated in public panel discussions hosted by government bodies and NGOs. Our staff also participated in expert workshops and actively supported several studies conducted by independent think tanks, such as the European Roundtable on Climate Change and Sustainable Transition (ERCST), the Sustainable Finance Research Platform (SFRP), or Agora Energiewende, with their expertise.

In November 2020 HeidelbergCement Group joined Foundation 2 º - a like-minded coalition of companies with the aim of limiting global warming, to generate further positive momentum for industry transition and climate protection.

Association review approach

The focus of this review lies on 10 associations and initiatives, where we can make significant contributions, and which strongly engage in political debates concerning industry and climate protection. As part of our ongoing due diligence, we aim to publish an updated report on our associations and memberships on a regular basis.

Association engagement

Associations play an important role. They provide knowledge on relevant issues and highlight the effects of policy proposals on society by facilitating public dialogue. Membership in an association provides access to industry standards and technical insights. Factors for joining and reviewing membership in associations include their relevance for our business, their topical focus, cost-effectiveness, and the presence of appropriate guidelines with respect to anti-trust and competition laws.

HeidelbergCement is member of numerous associations. Our level of engagement ranges from presidencies, board membership and participation in committees or working groups to observer status only. Our engagement in associations varies depending on their size, nature, and strategic relevance for our business. We aim for a strong and active membership in sector-specific associations to shape the strategic policy direction. Most of these associations are concerned with sustainability related or technical questions or share best practices and do not engage in political discussions concerning industry transition and climate protection. Therefore, they are not part of this review.

If an association’s position on an issue of strategic importance deviates from our position, we increase our engagement in the bodies of this association and signal our dissent to improve alignment or to demand that the association does not take a position. If the association repeatedly pursues policies and actions that are contrary to HeidelbergCement’s positions or if reasonable measures to advance the goals of the Paris Agreement are continuously opposed, we will publicly state our disagreement, assess association’s performance and membership value and finally review if exiting the association is appropriate. We believe exiting an association is only appropriate as last resort since aligning positions as a sector or industry across companies and associations is a precondition for achieving a carbon-neutral economy.

Scope and assessment methodology

We focus on 10 key associations where we can provide substantial contributions.

The associations selected for review are actively and publicly engaged in strategic political debates concerning industry transition and climate protection. A further selection criterion is the business relevance of the political arena in which the association acts. Only association memberships of fully consolidated subsidiaries have been assessed. Due to our operational footprint and current political debates, the regional focus of driving progressive climate policies is on Europe, Germany, and North America. The following industry associations were therefore selected for the detailed analysis in this report:

International focus

- GCCA (Global Cement and Concrete Association)

European focus

- Cembureau (European Cement Association)
- ZEP (Zero Emissions Platform)

Germany focus

- BBS (Bundesverband Baustoffe – Steine und Erden e.V.)
- BDI (Bundesverband der Deutschen Industrie e.V.)
- VDZ (Verein Deutscher Zementwerke e.V.)
- VIK (Verband der Industriellen Energie- und Kraftwirtschaft e.V.)
- Foundation 2 º (Stiftung 2º)

North America focus

- PCA (Portland Cement Association)
- CAC (Cement Association of Canada)

The purpose of this association review is to identify material misalignment between our own positions concerning industry transition and climate protection and our key association's positions. For the review, we have assessed publicly available information and internal documents on the positions of the associations. This includes primary data gathered for example from the associations' websites, position papers, and other sources. The review covers positions and statements issued by the associations from 1st January 2020 until 31st December 2020. The positions of the associations reflect the respective – usually national – context. Detailed positions and input of associations on climate legislation proposals need to reflect the political, economic, and social environment of the specific jurisdiction and setup. This may result in the associations having specific contextualized positions.

The review criteria for assessing an association's alignment with our own positions, as described in chapter 2, concern the overall strategic direction of positions taken by the associations regarding the following issue areas:

- **Commitment to the Paris Agreement**
- **Carbon pricing and carbon leakage protection**
- **Energy transition**
- **Carbon capture and utilization (CCU)**
- **Carbon capture and storage (CCS)**
- **Circular economy**
- **Sustainable construction**
- **Sustainable finance**

The alignment with our own positions concerning industry transition and climate change has been categorized as follows:

Full alignment

- The association's positions match the positions of HeidelbergCement in all assessed issue areas to full extent.

Partial alignment

- The association's positions match at least four positions of HeidelbergCement in all assessed issue areas to full extent and the association does not take opposing positions in any issue area.

Partial misalignment

- The association's positions match three or less positions of HeidelbergCement in all assessed issue areas to full extend or the association takes an opposing position in one issue area.

Full misalignment

- The association's positions match no positions of HeidelbergCement in all assessed issue areas or the association takes more than one opposing position concerning the assessed issue areas.

As associations are consensus-oriented organizations that have to reflect the views of its members, we do not view the absence of an association position concerning the issue areas mentioned above as a misalignment as long as no opposing position on any issue area is being taken by the association in question. If an association is not taking a position on one of the issue areas, it cannot achieve the status of being fully aligned with our positions.

Association review results

The table provides an overview of the extent to which the assessed industry associations match HeidelbergCement's positions in the assessed issue areas. Green signifies alignment to full extent, while red signifies opposition and yellow signifies only partial alignment with HeidelbergCement's positions on industry transformation. White signifies a lacking position.

	Paris Agreement	Carbon pricing	Energy transition	CCU	CCS	Circular economy	Sustainable construction	Sustainable Finance
GCCA								
Cembureau								
ZEP								
BBS								
BDI								
VDZ								
VIK								
Foundation 2 °								
PCA								
CAC								

The table provides an overview of the extent to which the assessed associations are overall aligned and where HeidelbergCement will increase its engagement to shape the policy direction of the association in question:

	Full alignment	Partial alignment	Partial misalignment	Full misalignment
GCCA				
Cembureau				
ZEP				
BBS				
BDI				
VDZ				
VIK				
Foundation 2 °				
PCA				
CAC				

Fully aligned associations

The highest alignment is with our sector-specific cement industry associations – GCCA, Cembureau and VDZ – and like-minded coalitions supporting industry transition – namely ZEP and Foundation 2 º. We are deeply involved in the work of these associations. Our senior and top management holds presidencies or board memberships, while Group government affairs staff and experts from relevant departments provide their expertise as active members in working groups and committees concerned with climate and energy policy.

In 2020 the Global Cement and Concrete Association (GCCA) issued its Climate Ambition to achieve carbon-neutrality by 2050. It is committed to work across the built environment value chain to deliver this aspiration in a circular economy, whole life context. An associated roadmap details the measures to achieve the set-out ambition, which is fully aligned with the positions of HeidelbergCement concerned with industry transition and climate protection as described

above. As the GCCA is operating on international level it did not engage in political debates concerning specific legislative proposals.

Cembureau, the European cement industry association, published an updated carbon-neutrality roadmap in alignment with the Paris Agreement in 2020. This roadmap sets out the cement industry's ambition to reach net zero emissions along the cement and concrete value chain by 2050. The Roadmap looks at how CO_2 emissions can be reduced by acting at each stage of the value chain – clinker, cement, concrete, construction and recarbonation – to achieve carbon-neutrality by 2050. It quantifies the role of each technology in providing CO_2 emissions savings, making concrete political and technical recommendations to support this objective. Cembureau supports the objectives of the EU Green Deal and contributed to the political debate by providing constructive and supportive input on EU's vision for a carbon neutral society by 2050. Focus areas of Cembureau's political engagements in 2020 concerned primarily the implementation of a carbon boarder adjustment mechanism, the EU taxonomy, and the EU circular economy action plan. Cembureau supports the implementation of a carbon boarder adjustment mechanism in parallel to free allocation until the end of EU ETS trading phase 4 to avoid system and price shocks that would limit the capacity of its member companies to invest in low-carbon breakthrough technologies. Cembureau also supported the development of the EU innovation fund and advocates for fast development of EU-wide CO_2 infrastructures. Regarding the EU taxonomy, Cembureau pushed for fast issuance of the necessary delegated acts to clarify reporting requirements and a consideration of the sustainability value of co-processing. In the area of circular economy, Cembureau is looking forward to being part of the discussions with the European Commission in its work regarding the assessment described in the article 11 of the revised Waste Framework Directive. Cembureau furthermore advocates for landfill bans and argues for that the EU circular economy action plan should boost circularity of construction materials and promotes the revision of existing product and construction standards to increase the use of recycled materials.

The German cement industry association VDZ published a roadmap to achieve a carbon-neutral cement industry in Germany by 2050 in 2020 as well. This roadmap was developed with input from HeidelbergCement and is fully aligned with our own carbon-neutrality strategy. Focus areas of VDZ's political engagements in 2020 concerned primarily the implementation of a national emissions trading system in Germany in parallel to the EU ETS, the implementation of funding programs for developing CCU/S, and the discussion of necessary framework conditions to enable industry transition in the German cement industry without endangering its completeness. Considering the implementation of a national emission trading system in Germany, VDZ argued for the implementation of a cap and trade scheme instead of a tax scheme and advocated for exemptions for EU ETS installations to avoid double burdens. On the topic of CCU/S and CO_2 infrastructure VDZ organized an expert workshop and engaged with government representatives to create support for CCU/S. VDZ supported the set-up of the Competence Centre on Climate Change Mitigation in Energy-Intensive Industries (KEI) by the German Federal Ministry for Environment (BMU) and engaged proactively in the public debate on developing concepts for OpEx support for low-carbon breakthrough technologies. VDZ's position on requirements for a suitable framework for decarbonization considers the entire construction value chain from clinker, cement and concrete to the construction site, the

structure itself, the re-use of components and recovery of construction waste through revision of construction law, the rapid adaptation of standards and regulations in the interests of climate protection and the accelerated standardization of CO_2-efficient products. This encompasses the creation of incentives for investment in more climate-friendly cements and concretes as well as making these competitive compared to conventional products. Attachment of greater significance to the climate footprint of construction materials in civil engineering, sustainability certification of large constructions, and provision of sufficient incentives for customers are also part of the proposal.

Foundation 2º is a like-minded coalition of companies with the aim of limiting global warming, to generate further positive momentum for industry transition and climate protection. They directly engage German government representatives on issues relevant to enable industry transition. Foundation 2º issued in 2020 policy papers on necessary framework conditions to increase the share of renewable energy and to incentivize offtake of carbon-neutral products.

The Zero Emissions Platform (ZEP) is a like-minded coalition pushing for fast deployment of CCU/S and advocates for recognition of CCU and CCS in emission trading schemes. As an issue-specific association, it does not take positions on topics such as sustainable construction or concrete recycling. As technical expert, ZEP provides information on cost, infrastructure planning, and technological advice via studies, workshops, and direct engagements.

Based on these positive results, we will continue our engagement with these associations with the same intensity as before.

Partially aligned associations

While being in full alignment with HeidelbergCement on most issue areas concerning industry transition and climate protection, the German cross-sectoral construction materials association BBS has been assessed as being only partially aligned, because it has a more critical stance towards sustainable finance, criticizing the extension of reporting obligations to SMEs.

The North American cement industry associations only show a partial alignment, while they are fully aligned with HeidelbergCement on several issue areas. Because they have a more restrictive stance on carbon pricing and energy transition and critical position on the internalization of carbon cost via levies or pricing schemes they have not been assessed as being fully aligned. A full alignment with HeidelbergCement exists, however, on the necessary framework conditions to deploy CCU/S. The PCA is currently developing a roadmap laying out a pathway to achieve carbon neutrality across the concrete value chain by 2050. Publication of the roadmap is foreseen for the end of this year. The roadmap is intended to solve problems facing the industry, such as developing new technologies to reduce energy consumption and to develop and adopt related regulations.

Based on these results, we continue our engagement with these associations with the same intensity as before and increase our involvement on issue areas, where no full alignment was seen.

Partially misaligned associations

The review of the selected associations shows that alignment with HeidelbergCement positions on relevant issue areas concerning industry transition and climate protection is the lowest with the two German cross-sectoral industry associations BDI and VIK.

Background for this is the opposition of both association towards a carbon boarder adjustment mechanism and the fact that both associations are unable to find a consensus on a holistic climate policy framework due to its diverse members. Both associations also either lack positions on many relevant issue areas or have a more restrictive stance. Both associations are also the associations with the lowest direct involvement of HeidelbergCement representatives.

Based on this result we decided to increase our engagement to change their positions.